SAP Ariba

PROCUREMENT SERVICES DIVISION

Procurement - USER Training

P2P Core
Create a Contract Compliance/Terms Document (Commodity Level Contract)

The purpose of this job aid is to show how to create a Contract Compliance, or Contract Terms Document for a Commodity Level contract. If you have not yet reviewed the training titled "Create a Contract Workspace" please do so. Creation of a Contract Workspace takes place prior to creating the Contract Compliance/Terms Document.

1

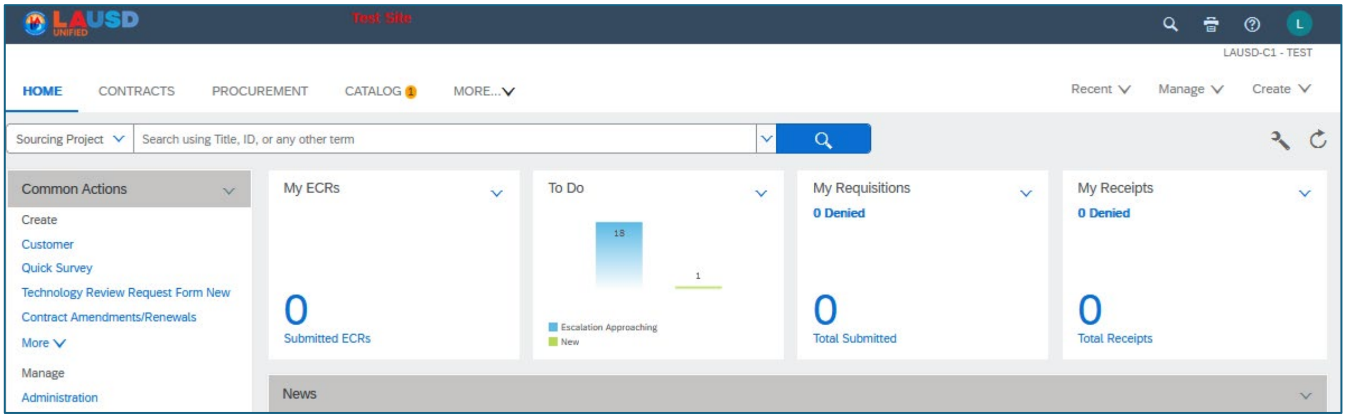
To access Ariba P2P Core, log in to your ESS (https://ess.lausd.net/) using your Single Sign On (SSO).

2

Click on the "**Procure-To-Pay**" tile under the Procurement Tab.

3

You will be directed to the P2P Core home page.



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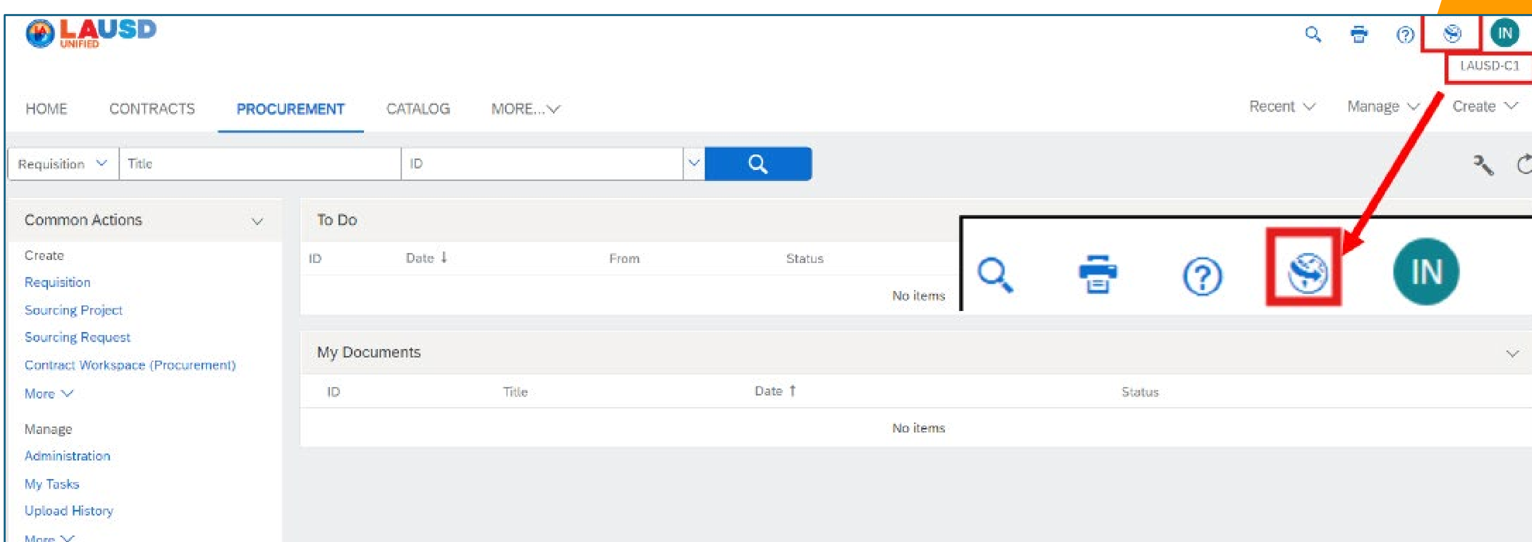
Ensure that you are in the **Parent Realm**. To change this, click on the globe icon.



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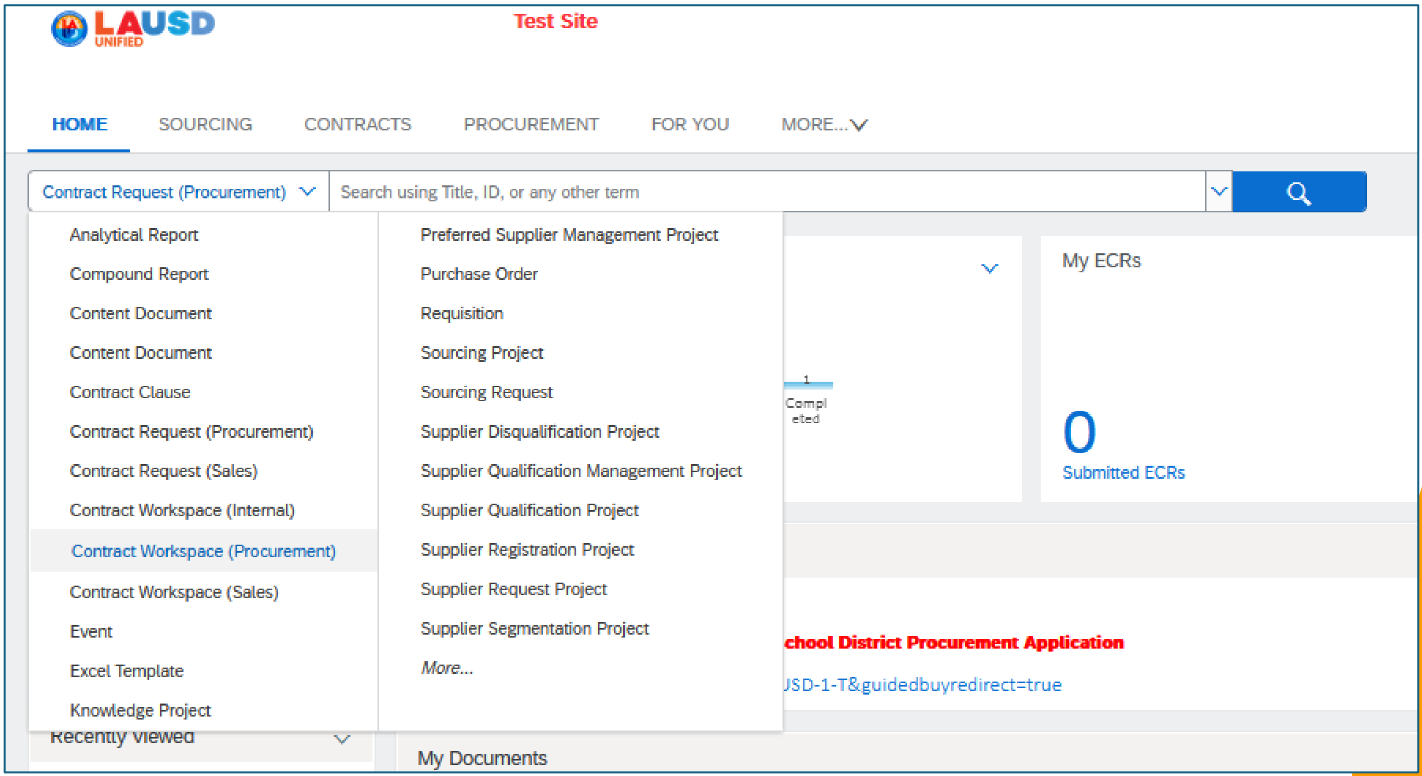
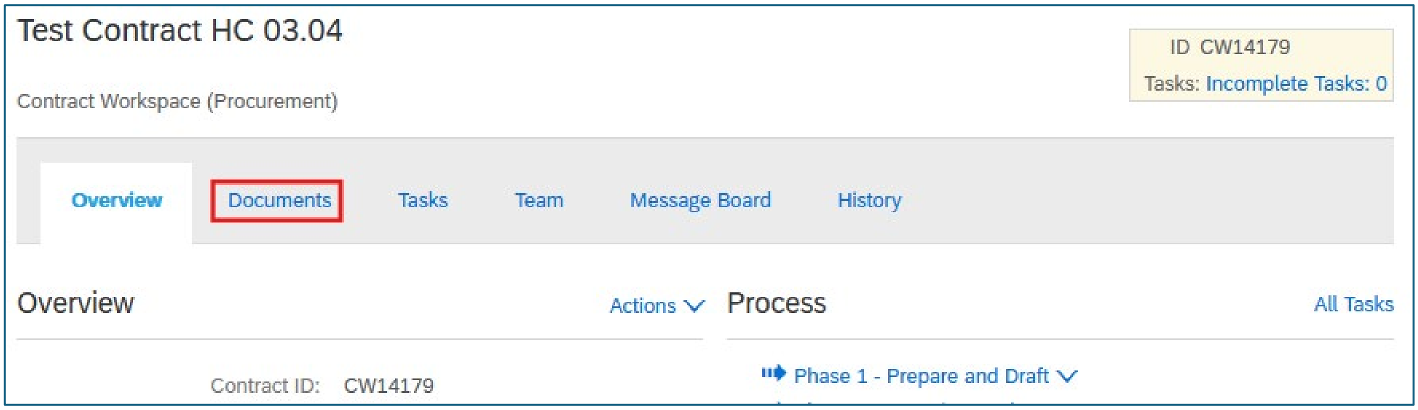
The **Contract Terms Document** is created after a **Contract Workspace**. After creating the **Contract Workspace**, the **Contract Terms Document** opens automatically. If you need to navigate back to it, search for your Contract Workspace in your recent items, or by using the search bar on the Ariba P2P Core home screen.



6

After opening your Contract Workspace, click on the '**Documents**' tab.



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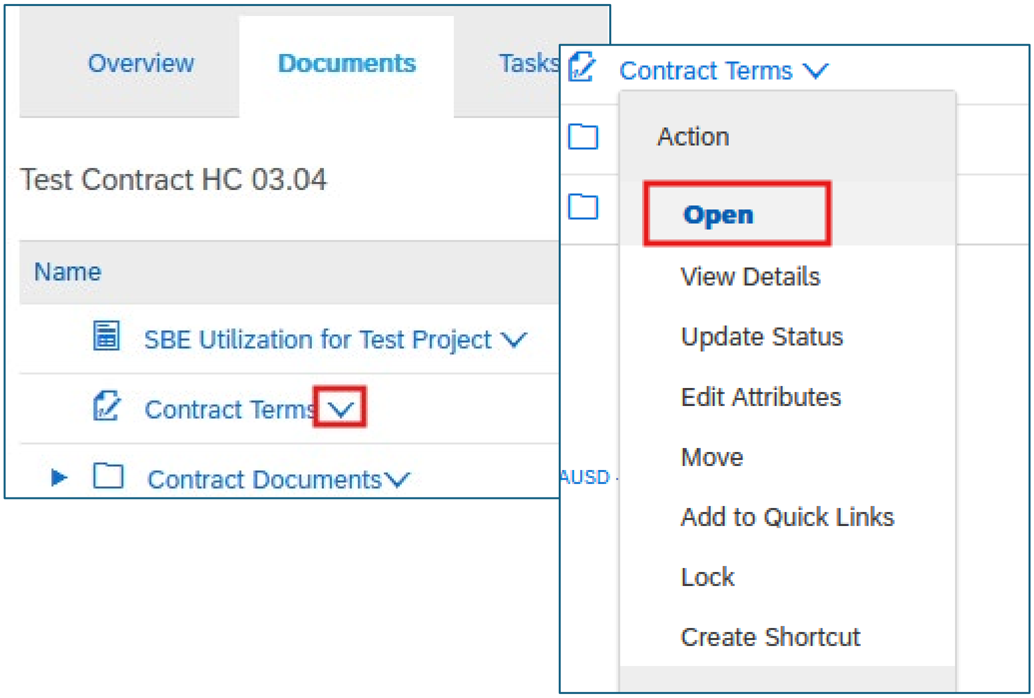
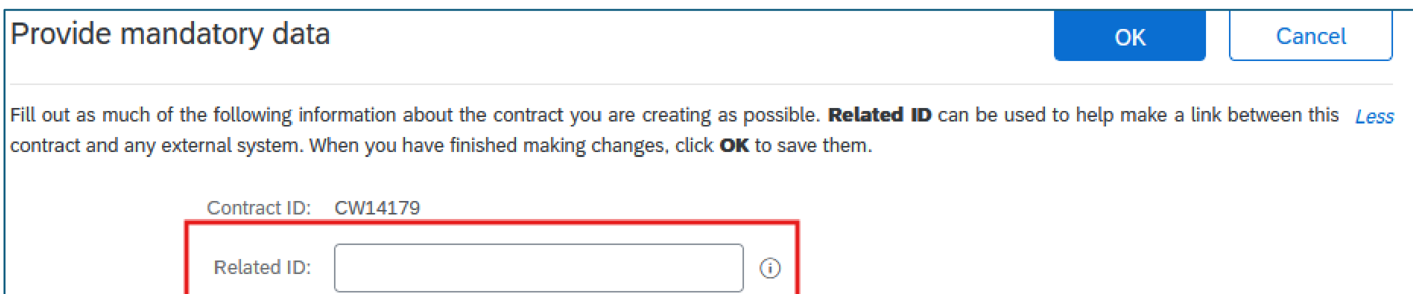
Click the downward arrow next to 'Contract Terms', and then click 'Open' from the Action list that opens.



8

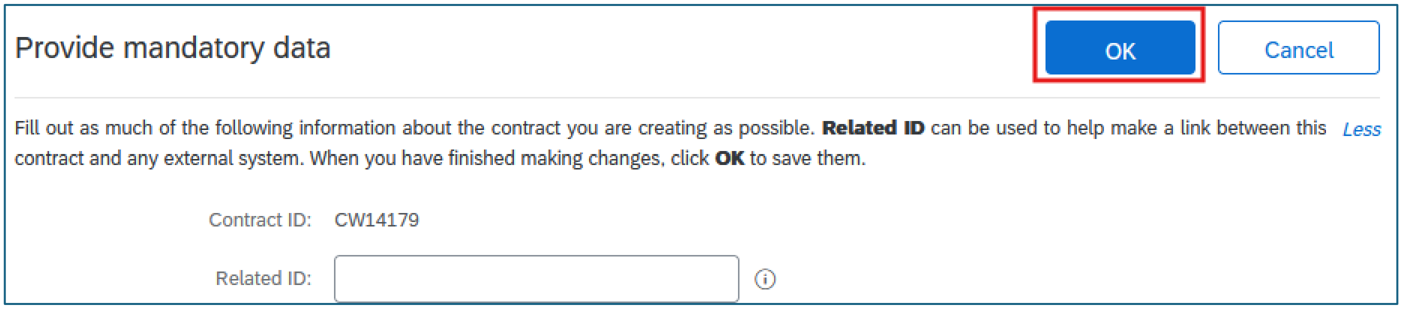
This will open the mandatory data for the **Contract Terms Document**. Please note that all required fields are noted with a red asterisk. All details are pre-filled with information from your **Contract Workspace**.

The '**Related Contract ID**' field can be used to note another project tied to this contract, for example the historical contract number for a previous agreement.



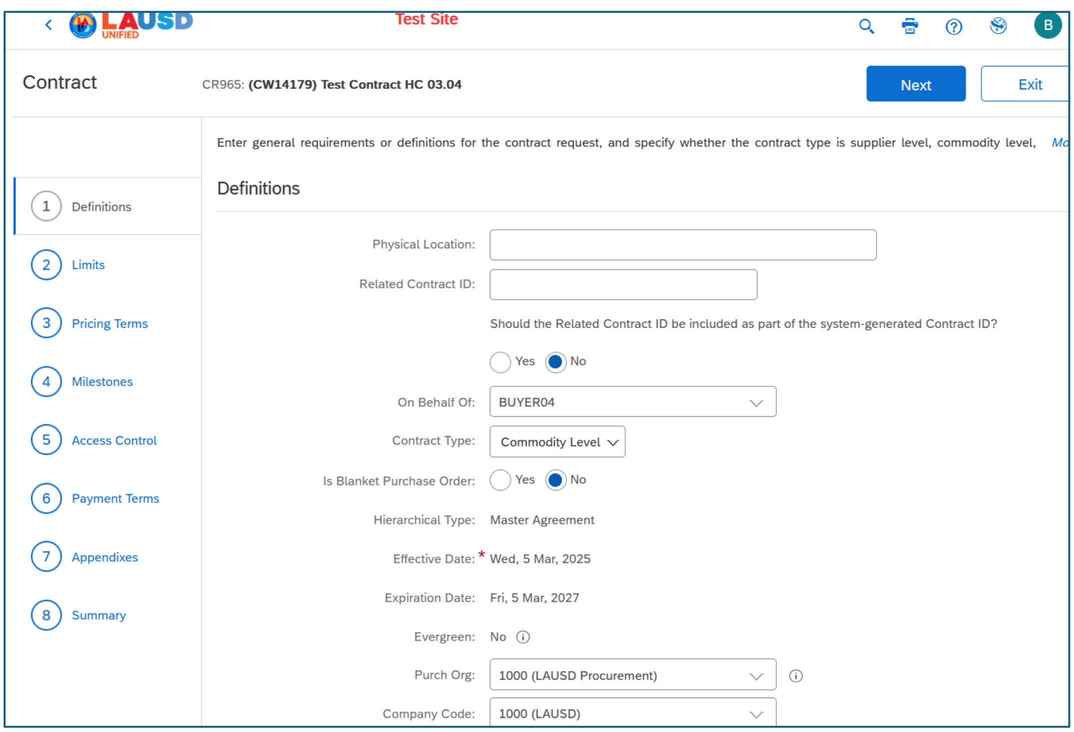
9

Once you have confirmed for accuracy and made any required changes, click 'OK' at either the top or bottom of the screen.



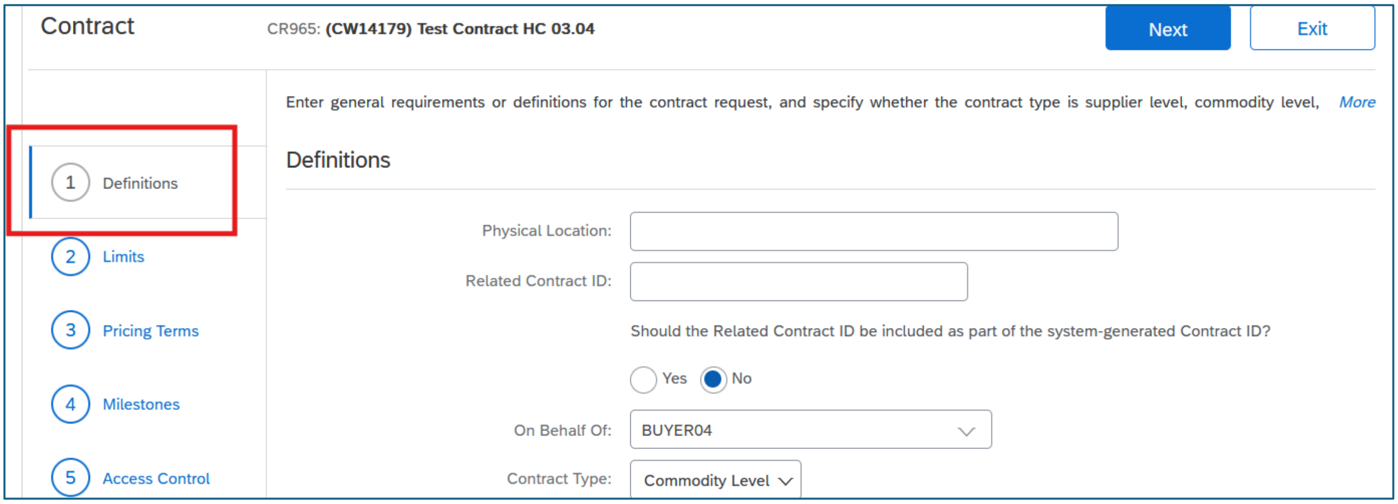
10

The Contract Terms screen will then open. This includes an 8-step menu on the left side of the screen.



11

The first step/section to complete is the '**Definitions**' Section.

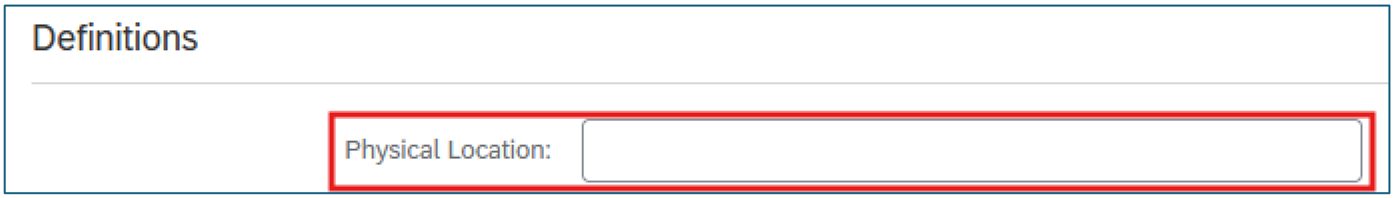


12

The '**Definitions**' section covers the general contract definitions and header level details for the contract. We will now review and complete the fields in this section.

13

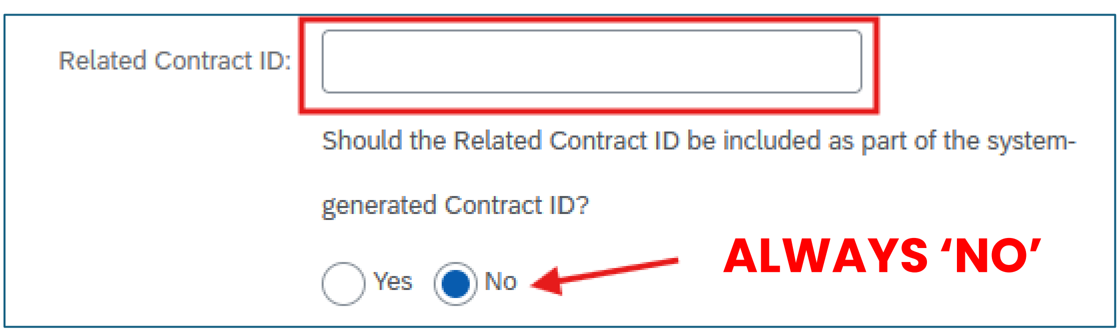
The '**Physical Location**' field is an optional field which can be used to note the storage location for the physical file location for the supporting documents tied to this contract (IFB, RFP, etc.)



14

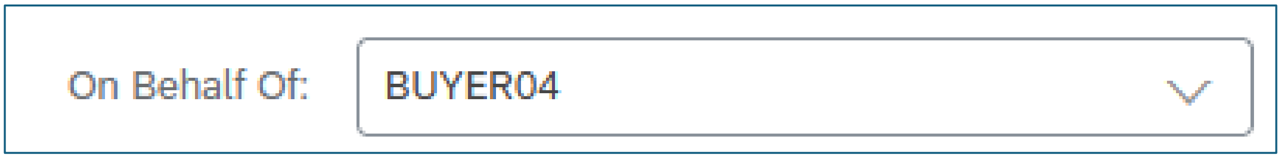
The '**Related Contract ID**' field can be used to note another project tied to this contract, for example the historical contract number for a previous agreement.

However, **DO NOT** select 'Yes' on the question below. Selecting Yes on this option will concatenate the related ID with your new Contract ID and will negatively impact reporting.



15

The 'On Behalf Of' field is auto-populated with your name as the creator of the contract. You may edit if needed.



16

The '**Contract Type**' field is a crucial field where you will select the type of contract terms which will be included in your agreement. Make the best selection for your specific contract.

Please Note:

You <u>cannot</u> mix contract types in one agreement. For example, if you have an agreement which has both commodity level and item level pricing terms you will need to create an additional sub-agreement for the second terms type.

Once published, you <u>cannot</u> edit the contract type via an amendment.

Ariba supports 4 types of contracts. At LAUSD, Commodity and Item level contracts are most commonly used.

- **Supplier level**, which covers all products from a supplier. At this time, it is not recommended to use this contract type. All spend to this supplier would be applied to this contract. If a supplier has multiple contracts, it will be difficult to change the referenced contracts.
- **Catalog level**, which covers all products from a customer catalog. At this time, it is not recommended to use this contract type. When a catalog is created for this supplier, all catalog items will apply to this contract.
- **Commodity level**, which covers all products identified by specific commodity codes from a supplier. If the Supplier and Commodity code in a PR match what is entered in this contract, the PR will automatically attach this contract.
- **Item level**, which covers specific items from a supplier. All items will be specifically listed in the contract terms. When one of these items is selected in a PR, the contract will be attached.

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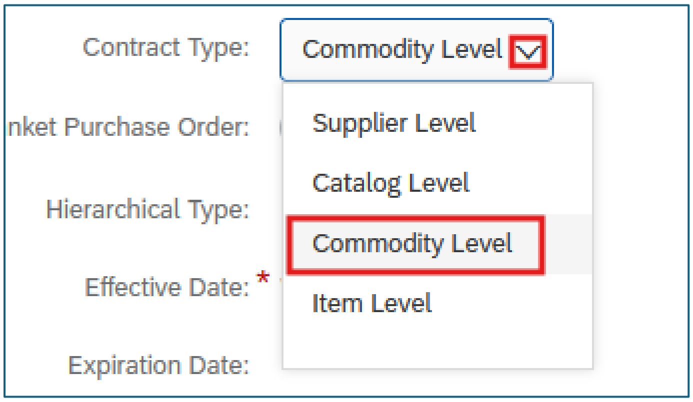
For this example, we will create a '**Commodity Level**' contract. Click the downward arrow in the '**Contract Type**' field and then select the contract type from the list.

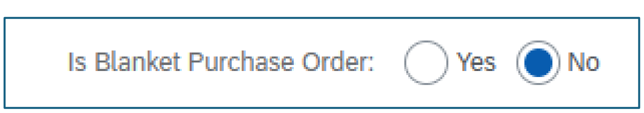


18

The next field is a radio selection for '**Is Blanket Purchase Order**'.

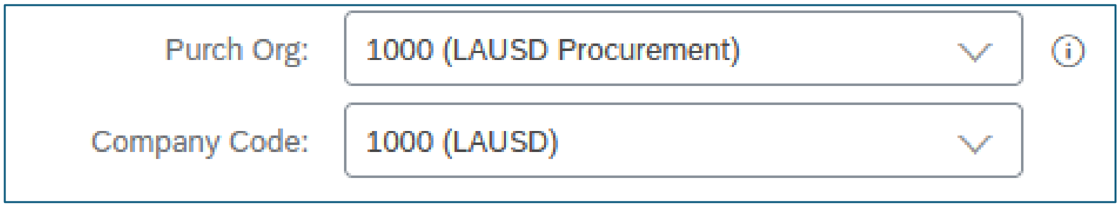
Blanket Purchase Orders (BPOs) can either be release or no-release order contracts. BPOs are issued to one supplier for multiple purchases of specific goods or services for a specific time-period and a predetermined amount that cannot be exceeded.

For the majority of contracts, this will be set to 'No'.



19

The ‘**Purchasing Organization**’ and ‘**Company Code**’ fields are auto-filled. These generally shouldn’t be edited.



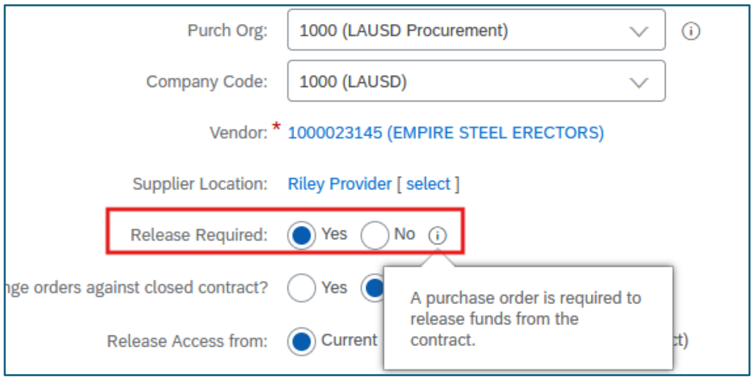
20

The ‘**Vendor**’ and ‘**Supplier Location**’ fields are auto-filled from the Contract Workspace.

21

The next field is a radio selection for '**Release Required**'.

This is typically set to yes. If it is set to no, invoices or interfaced orders can be placed directly against the contract without tracking the purchase requisition/purchase order against the contract.

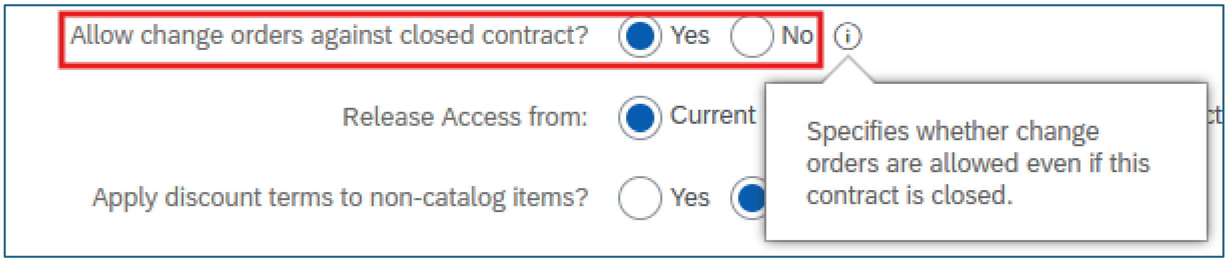


22

The next field is a radio selection for '**Allow change orders against closed contract?**'.

This is typically set to yes. If it is set to no, no changes can be made to open POs against this contract after its expiration date.

Ex: the contract has closed after passing its expiration date but still has $ capacity remaining and you need to increase an open PO against the contract. If this selection is set to 'yes' it will allow the change.



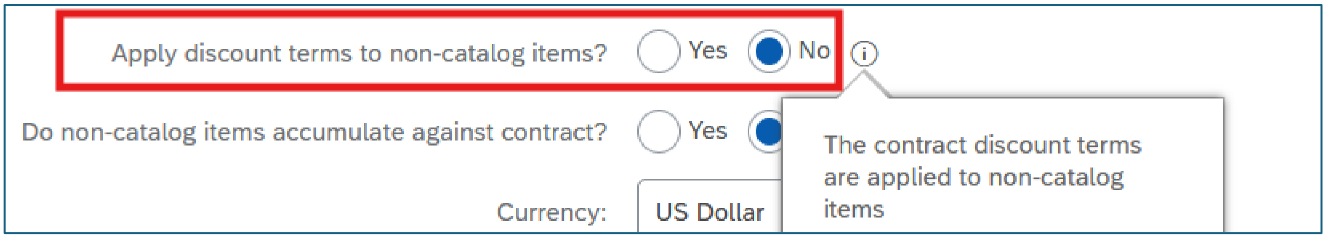
23

The next field is a radio selection for ‘**Release Access from’**. This should remain selected as ‘Current Site only’.

24

The next field is a radio selection for ‘**Apply discount terms to non-catalog items?**’.

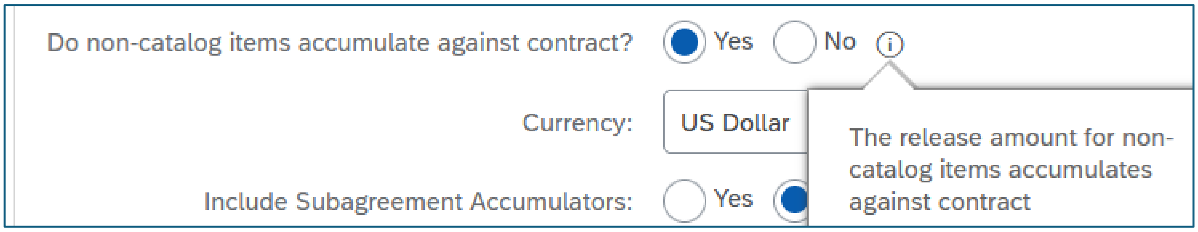
Make the selection most applicable for your contract, but this should typically be set to ‘**No**’ as it refers to a discount on base price which is typically not used.



25

The next field is a radio selection for ‘**Do non-catalog items accumulate against contract’?**

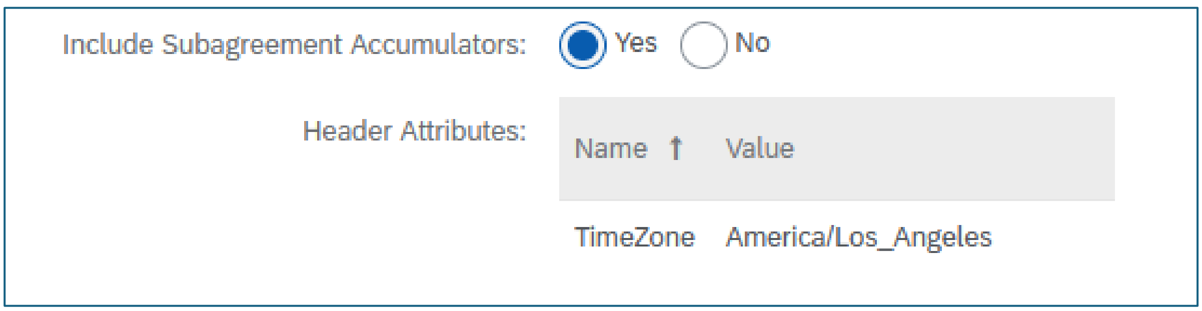
Make the selection most applicable for your contract, but this should typically be set to ‘Yes’.



26

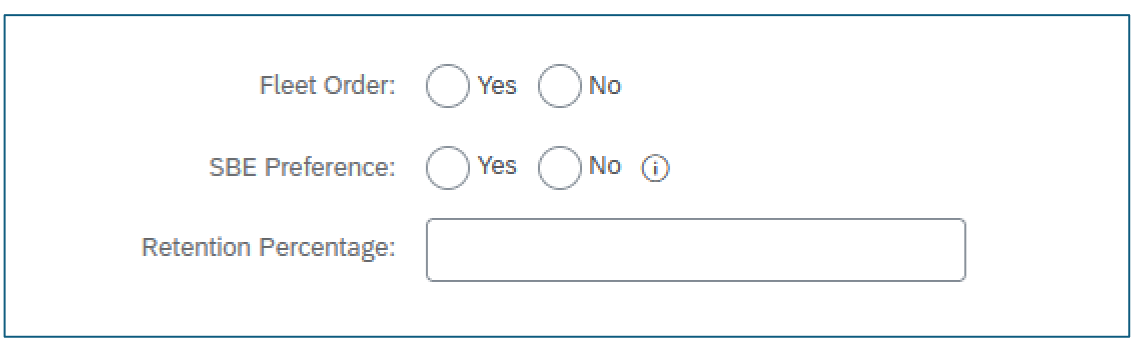
The next field is a radio selection for '**Include Subagreement Accumulators'**. This should be set to 'yes'

This applies to Master and Subagreement contracts and determines if the subagreement spend should accumulate against the parent or master contract.



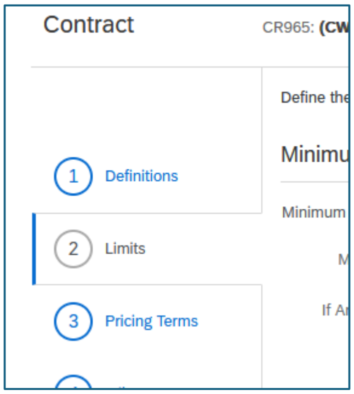
27

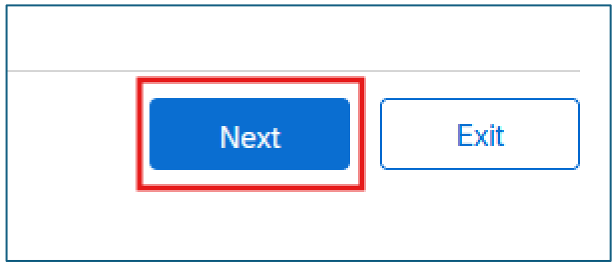
'**Fleet Order**' and '**Retention Percentage**' will typically be left blank. Mark 'yes' to '**SBE Preference**' if your awarded supplier is SBE Certified.



28

When you have completed filling in all relevant fields, click ‘Next’ at the top or bottom of the page, or click Step 2 ‘Limits’ on the left in the menu.

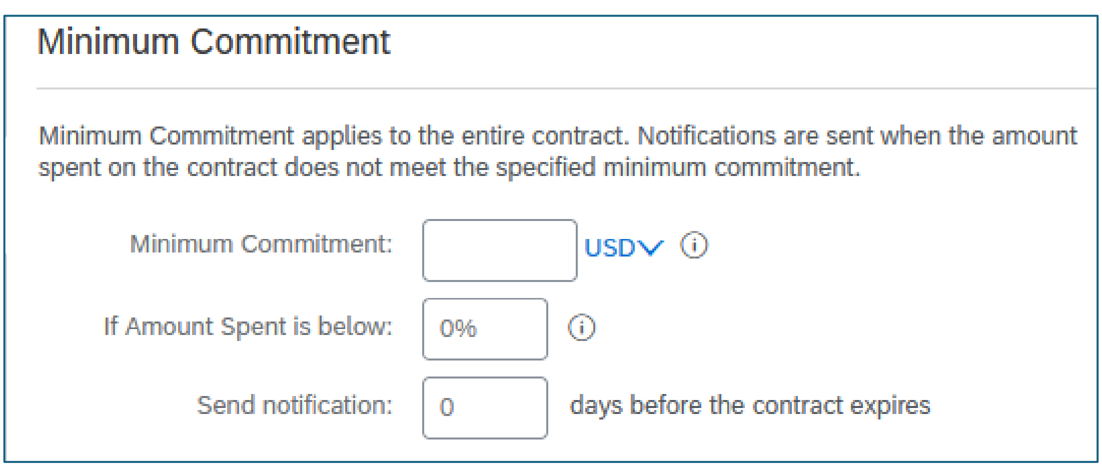




29

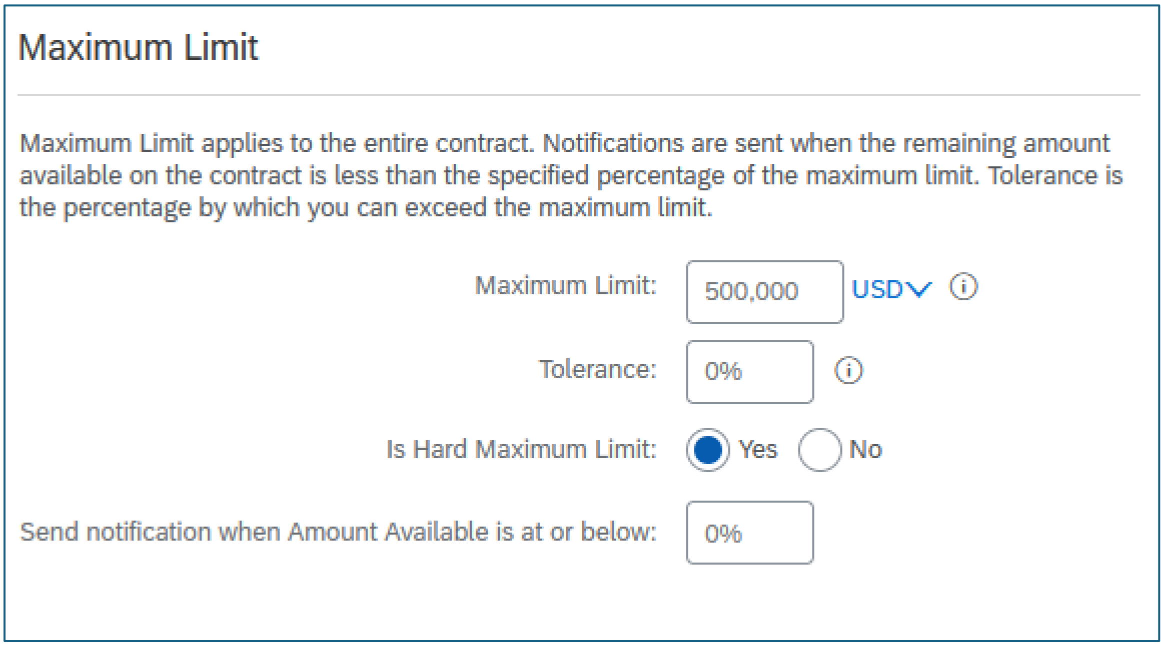
The next step is to update the Limits for the contract. Begin with the first section, ‘**Minimum Commitments**’ which applies to the whole contract.

Contract minimums are not commonly used at LAUSD so this field can typically remain blank.



30

The section controls ‘**Maximum Limit**’ which applies to the whole contract. This may have previously been referred to as the ‘Target Value’. We can also set up the % of usage at which we will receive a notification.



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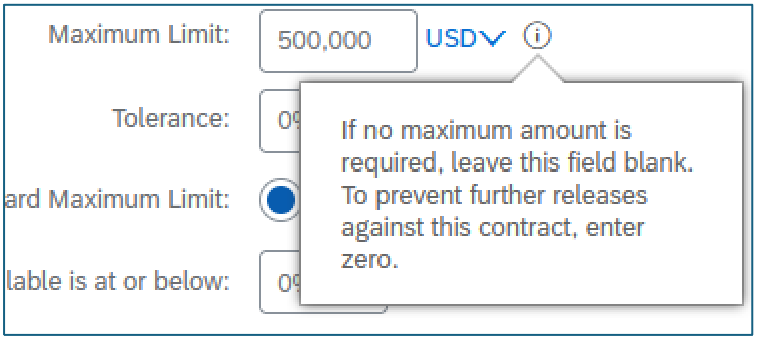
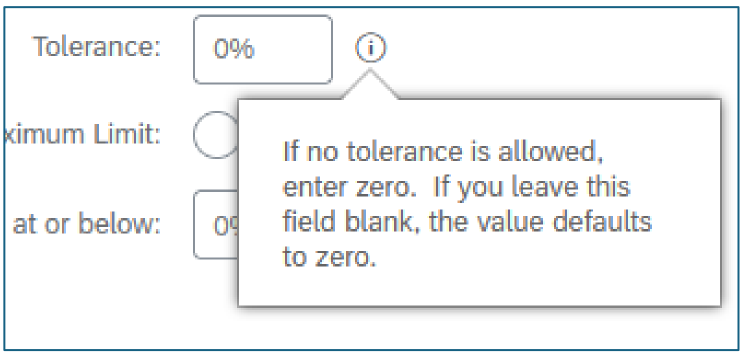
Enter the Contract’s Maximum Limit in the ‘**Maximum Limit**’ field.



32

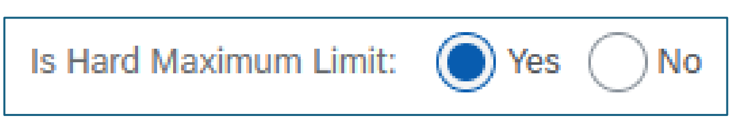
The next field in the '**Maximum Limit**' section is '**Tolerance**'. If you choose to, you can enter a tolerance as the % by which the maximum limit can be exceeded. If no tolerance is allowed, leave the field at 0.



33

The next radio selection is '**Is Hard maximum Limit**'.

If you need to enforce a hard maximum limit which will not allow spend above the limit, select 'yes'. The majority of LAUSD contracts will use a hard limit and should have this set to 'yes'.



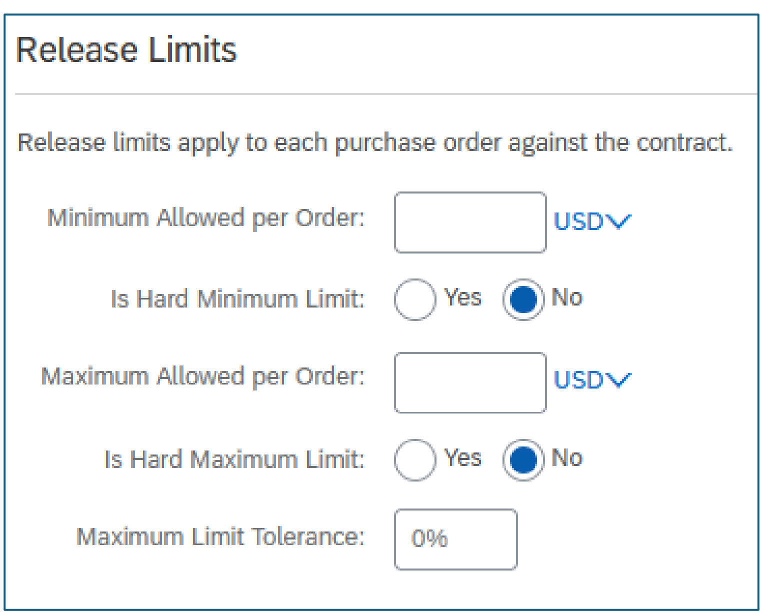
34

The next field is '**Send notification when Amount Available is at or below:**'. Since contracts nearing their limits often require action such as an amendment or new sourcing request, you can set a % available at which you will be notified.

In this example, we will set it to 25%, so when 75% of the contract's value has been used we will receive a notification.

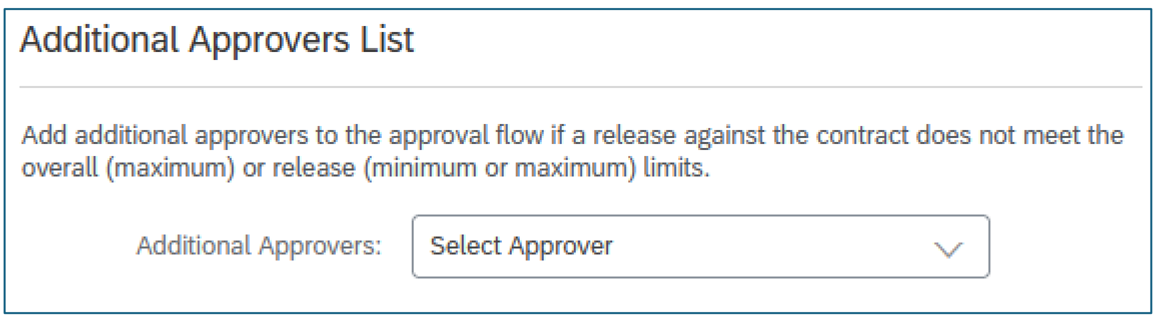
35

The next section is '**Release Limits**'. These limits apply to individual orders against the contract. They are not typically used at LAUSD.



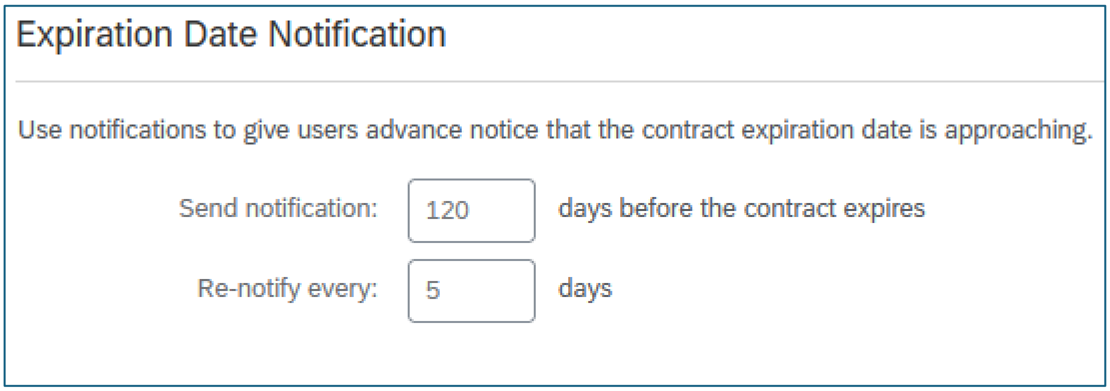
36

If you use the '**Release Limits**', you can also use '**Additional Approvers List**' to set an approver to enter the workflow for orders against the contract that don't meet the release limits you set. This will typically not be used.



37

The next section is '**Expiration Date Notification**'. Use these fields to set the number of days before contract expiration you would like to receive a notification. You can also set up additional notifications by x number of days after the original notification date.



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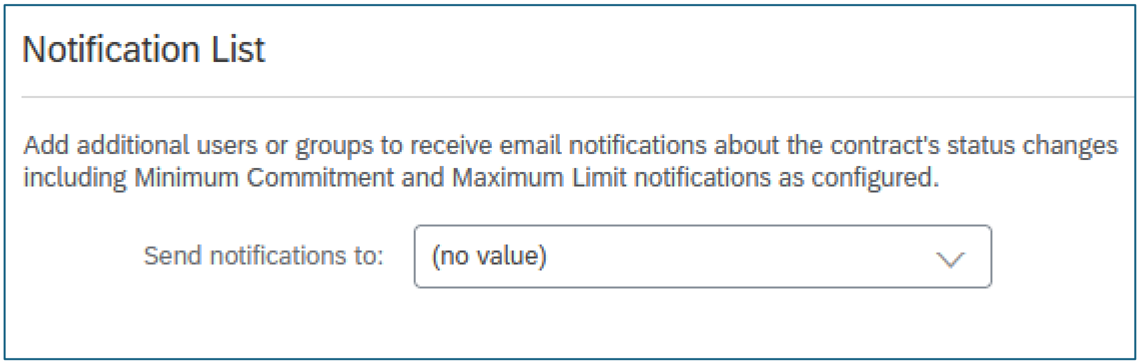
The '**Notification List**' field allows you to add additional users to receive the limit and expiration notifications you set in previous steps. This is an optional field.



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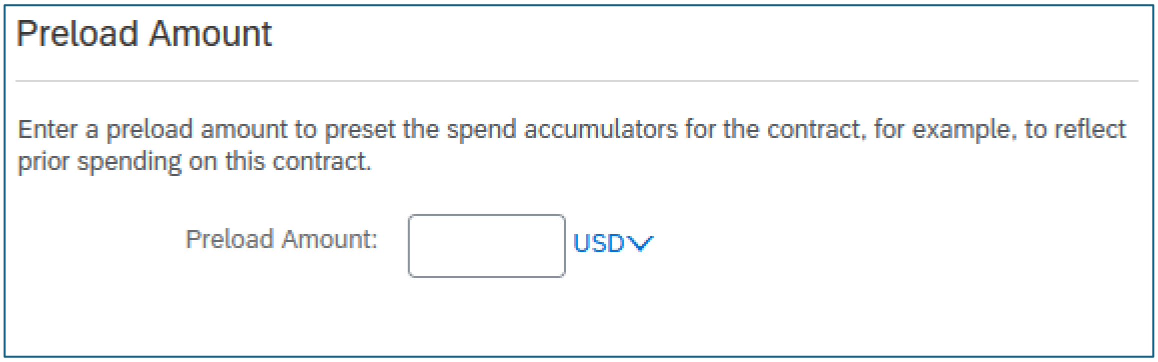
The '**Preload Amount**' field allows you to enter an amount to account for any prior purchases which should be accounted for in this contract's spend accumulation. (Ex: a PO was issued after Board approval but prior to contract creation. The total value of the PO would be entered here and will reduce the available balance of the contract at publish accordingly.)



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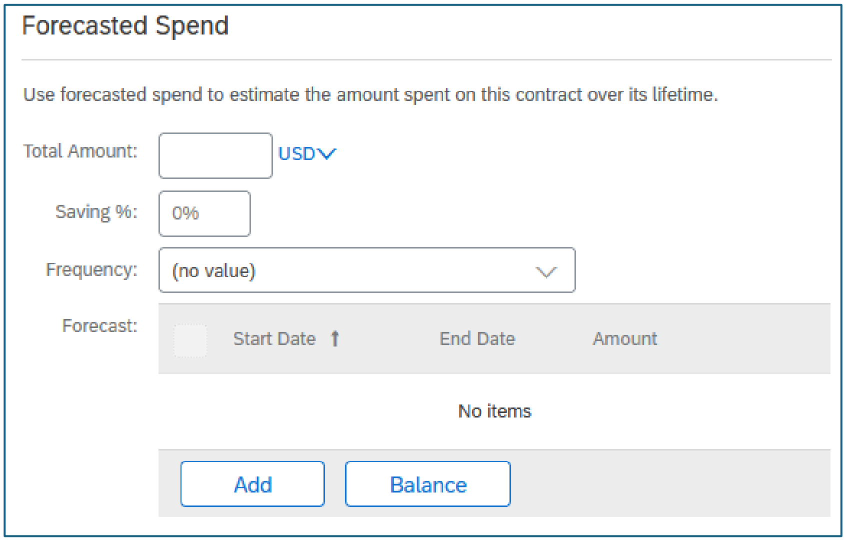
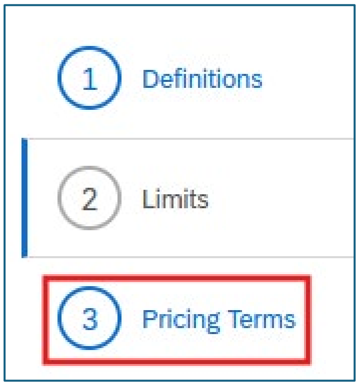
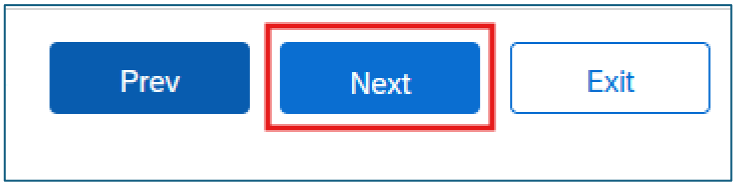
The ‘**Forecasted Spend**’ section is an optional feature which can be used to forecast spend for the contract over its lifetime.



41

When you have completed all necessary fields for the ‘Limits’ step, click ‘Next on the top or bottom of the page, or click ‘3 -Pricing Terms’ on the left menu.





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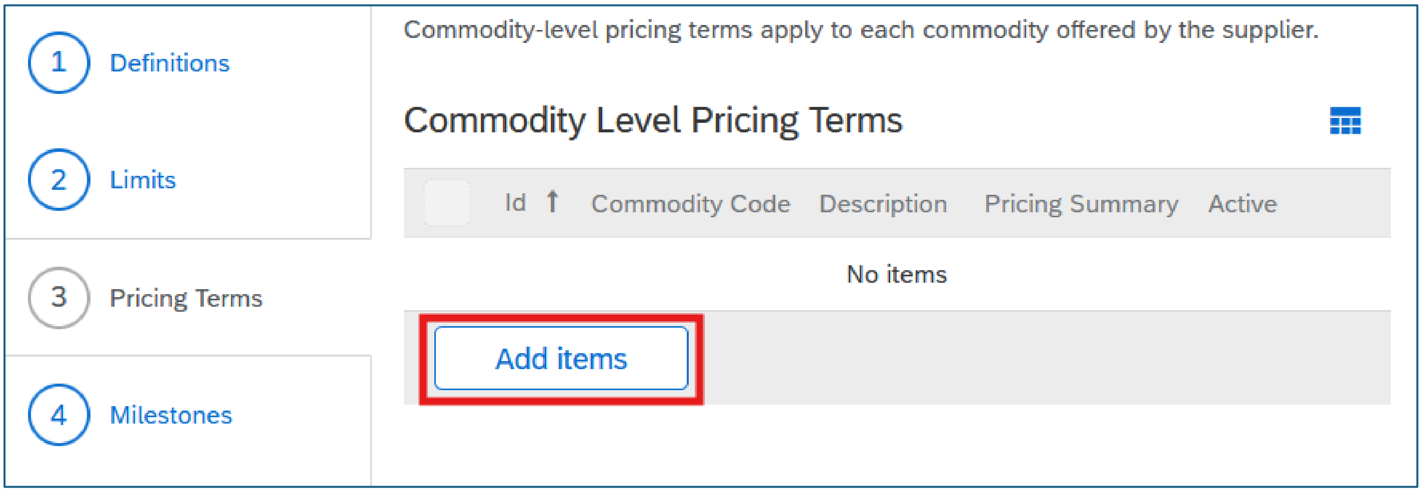
Click 'Add Items' to add your first commodity level pricing term.



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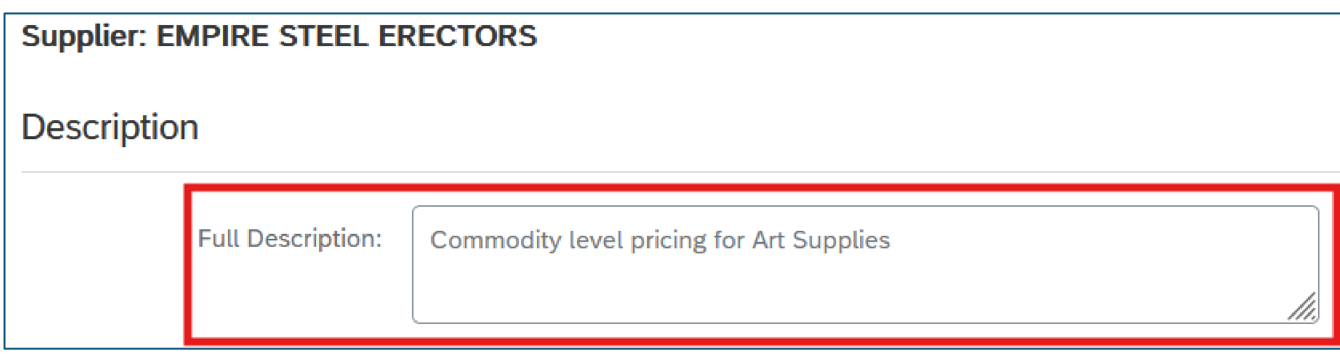
The first section to complete is the '**Description**' section. Add an optional description for the pricing term in the '**Full Description**' text box.



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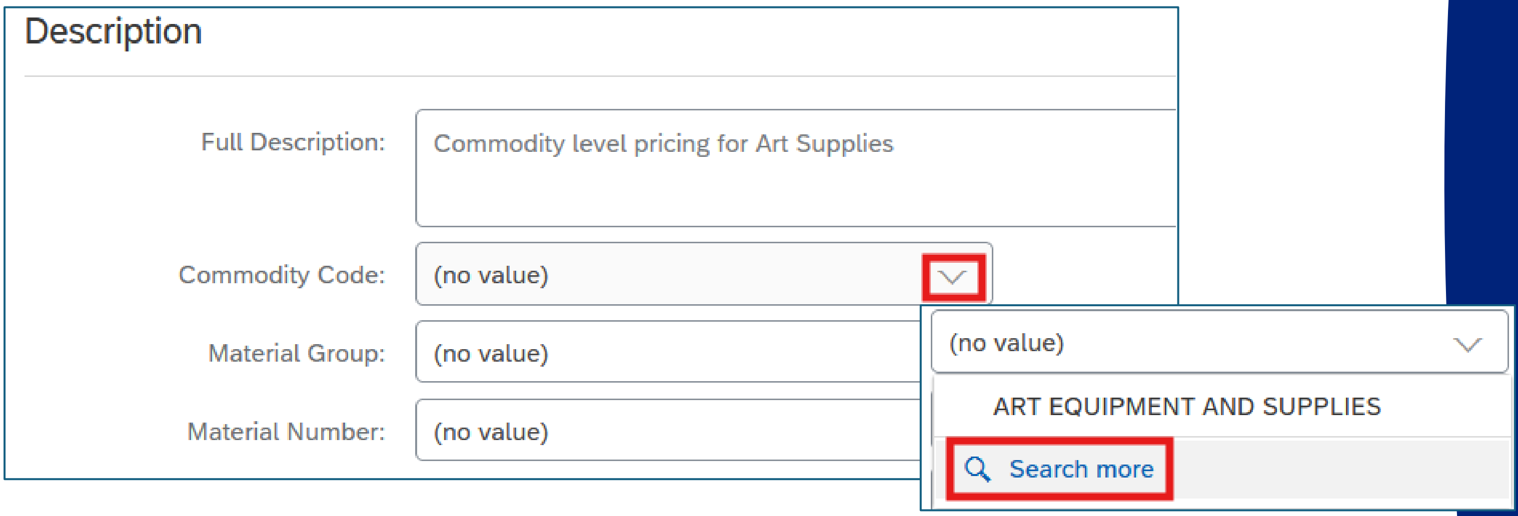
Click the downward arrow in the 'Commodity Code' box. Then, click 'search more' from the menu.



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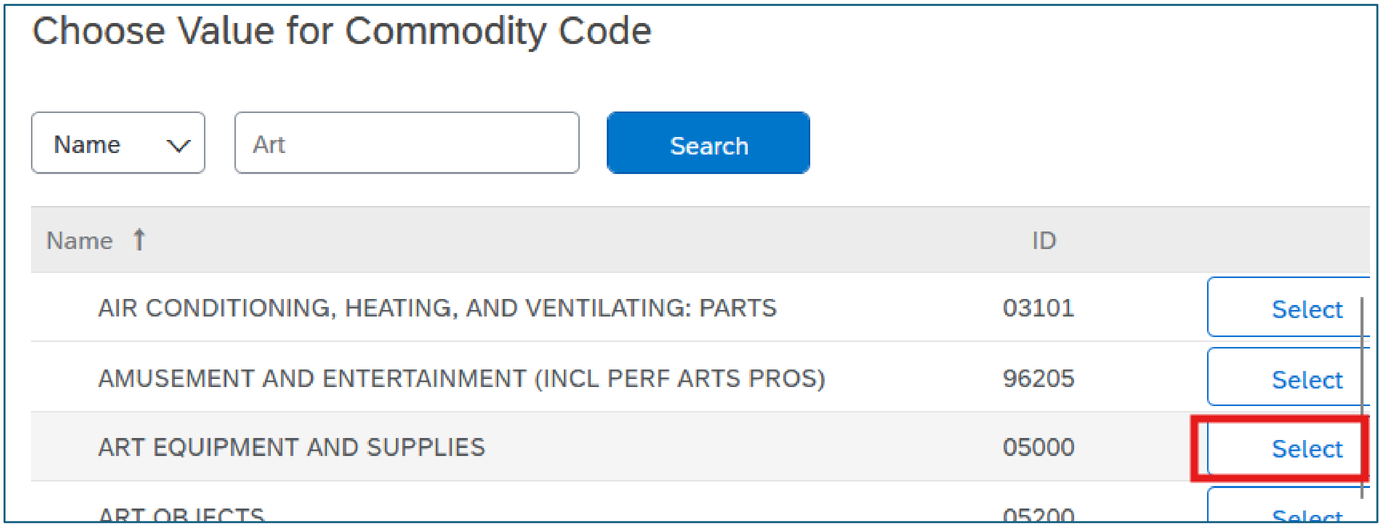
Toggle the search selection to search by either the commodity name or ID number. Then type your term in the box and click '**search**'

46

When you have found the awarded commodity code for your contract, click 'Select' next to it.



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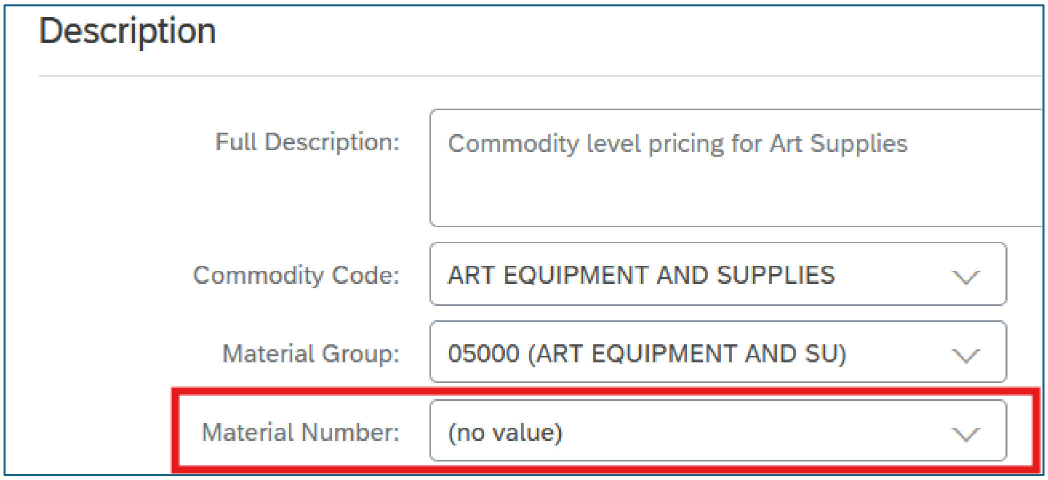
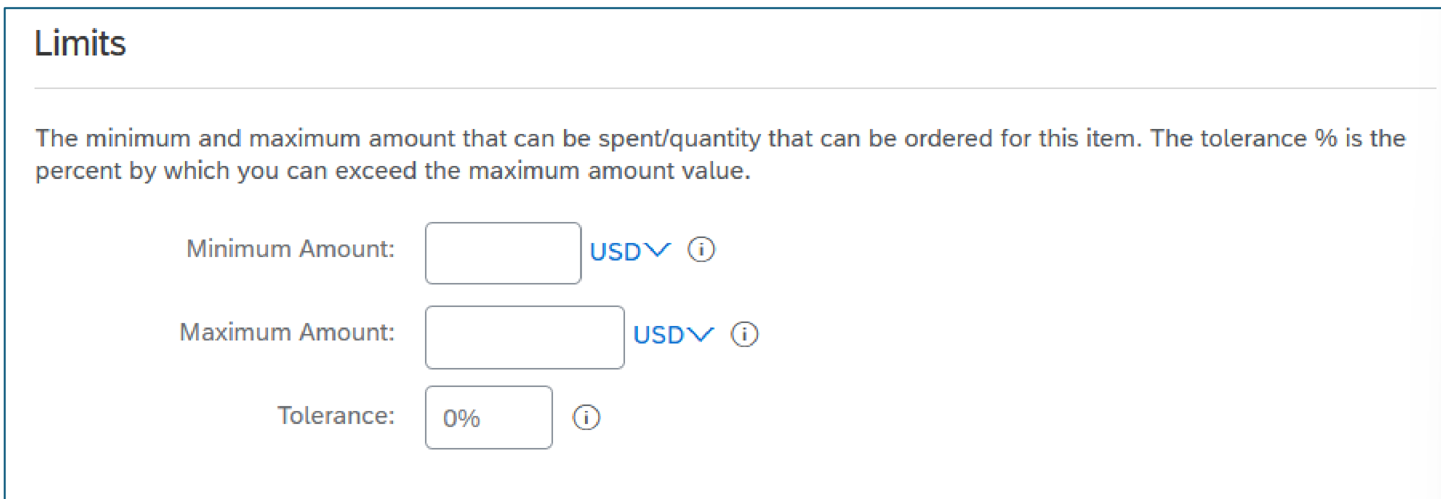
Some contracts may need a Material Number associated with the commodity level pricing. You can enter it here, but this will typically be left blank.



The next section is the '**Limits**' section. This isn't commonly used, and the fields will generally be left blank.

These fields allow you to set a minimum and maximum dollar amount or quantity that can be ordered for this item on the contract. It also allows you to set a tolerance %.



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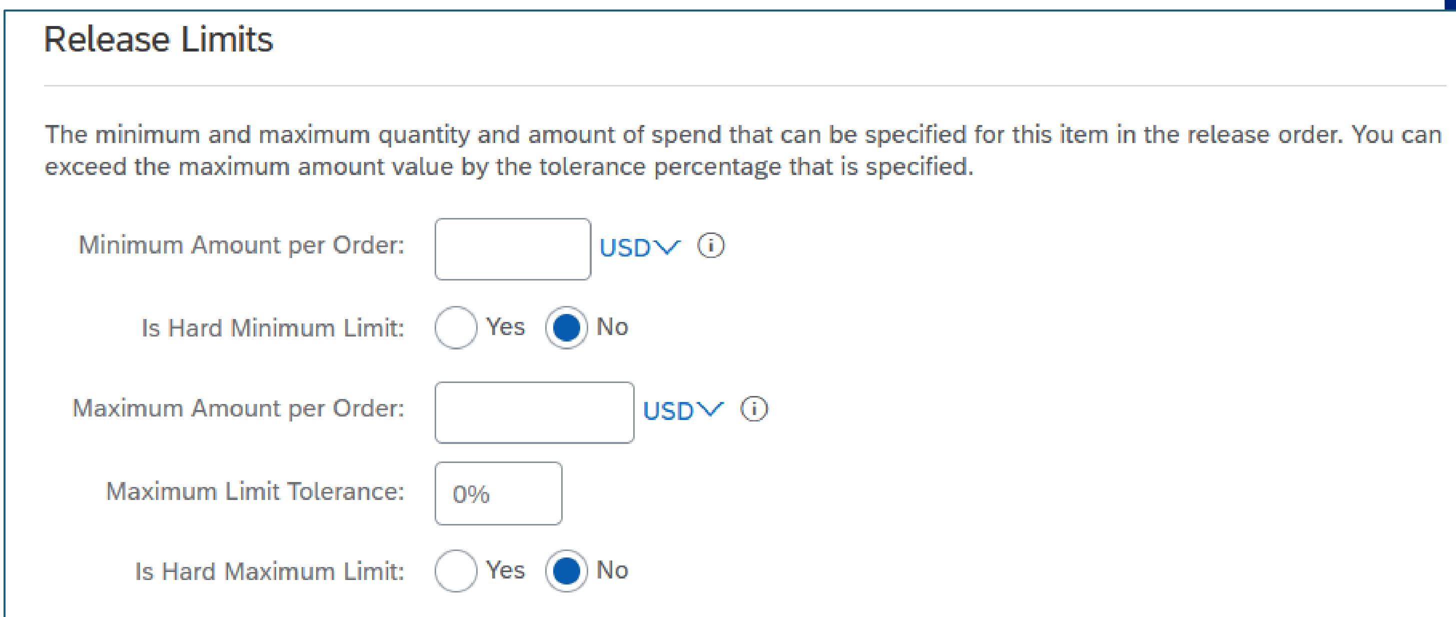
The next section is the ‘Release Limits’ section. This isn’t commonly used, but here you can set a minimum and/or a maximum required PO value and tolerance for utilization of this commodity pricing term.


Release Limits

The minimum and maximum quantity and amount of spend that can be specified for this item in the release order. You can exceed the maximum amount value by the tolerance percentage that is specified.

Minimum Amount per Order: USD

Is Hard Minimum Limit: Yes No

Maximum Amount per Order: USD

Maximum Limit Tolerance: 0%

Is Hard Maximum Limit: Yes No

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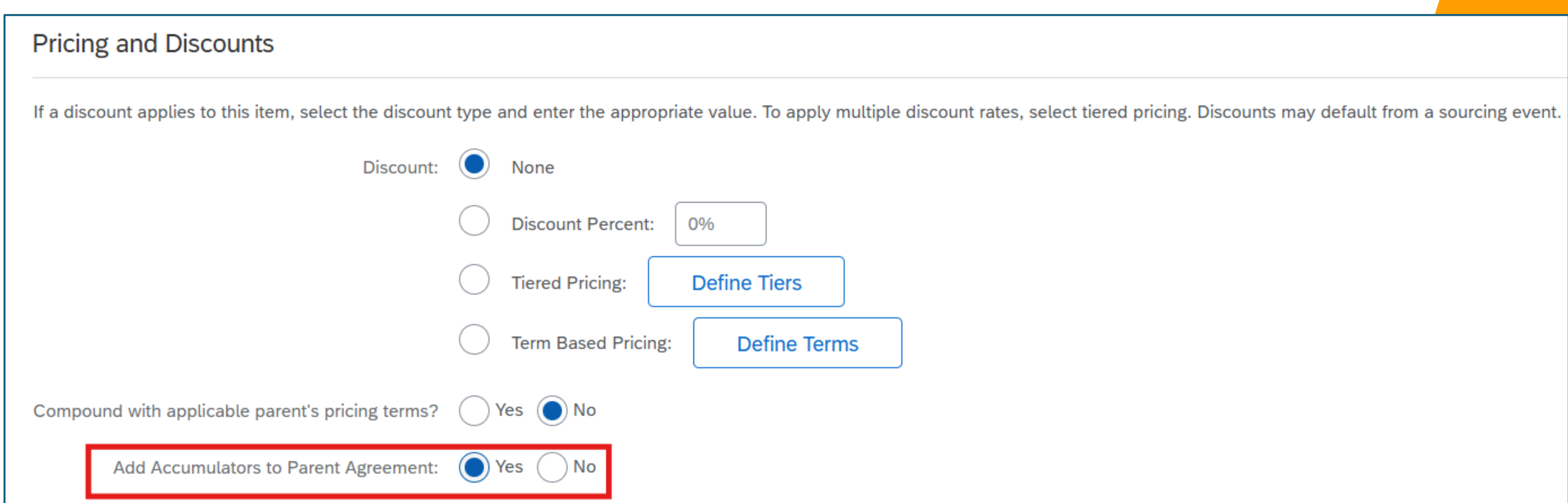
The next section is the '**Pricing and Discounts**' section. Typically, the end price after discount will be entered into the purchase order against the contract and won't be maintained here in the contract. However, if your contract is part of a hierarchy (child agreement), be sure to mark 'Add accumulators to Parent Agreement' as 'yes'.

If you apply the discount percentage here in the contract, and a requestor enters a purchase requisition against this contract and enters the unit price after discount, an additional discount will be added to the price resulting in pricing discrepancies.



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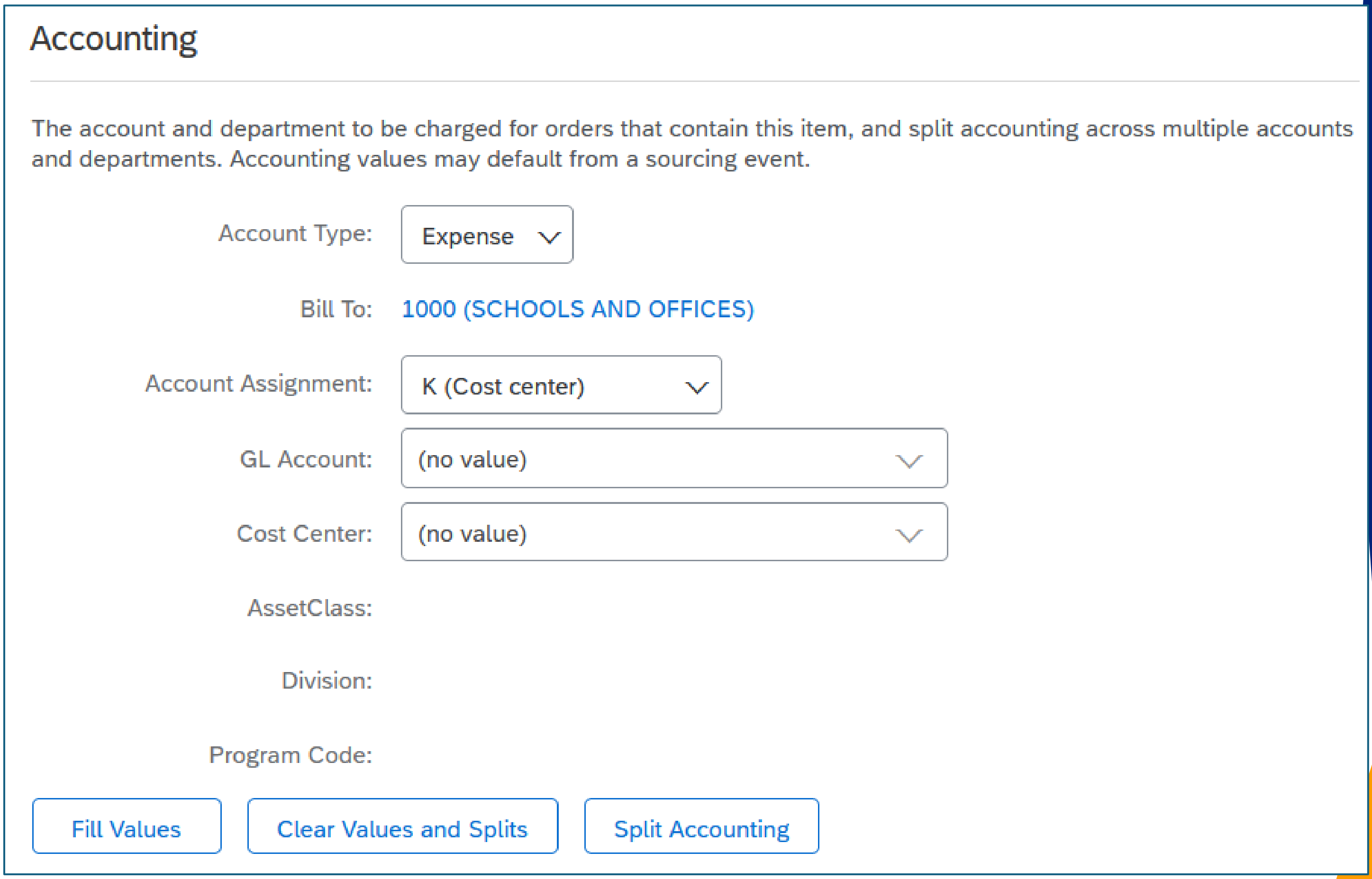
The final section is the '**Accounting**' section. Typically, this will remain as the default values.



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Click 'OK' to continue.

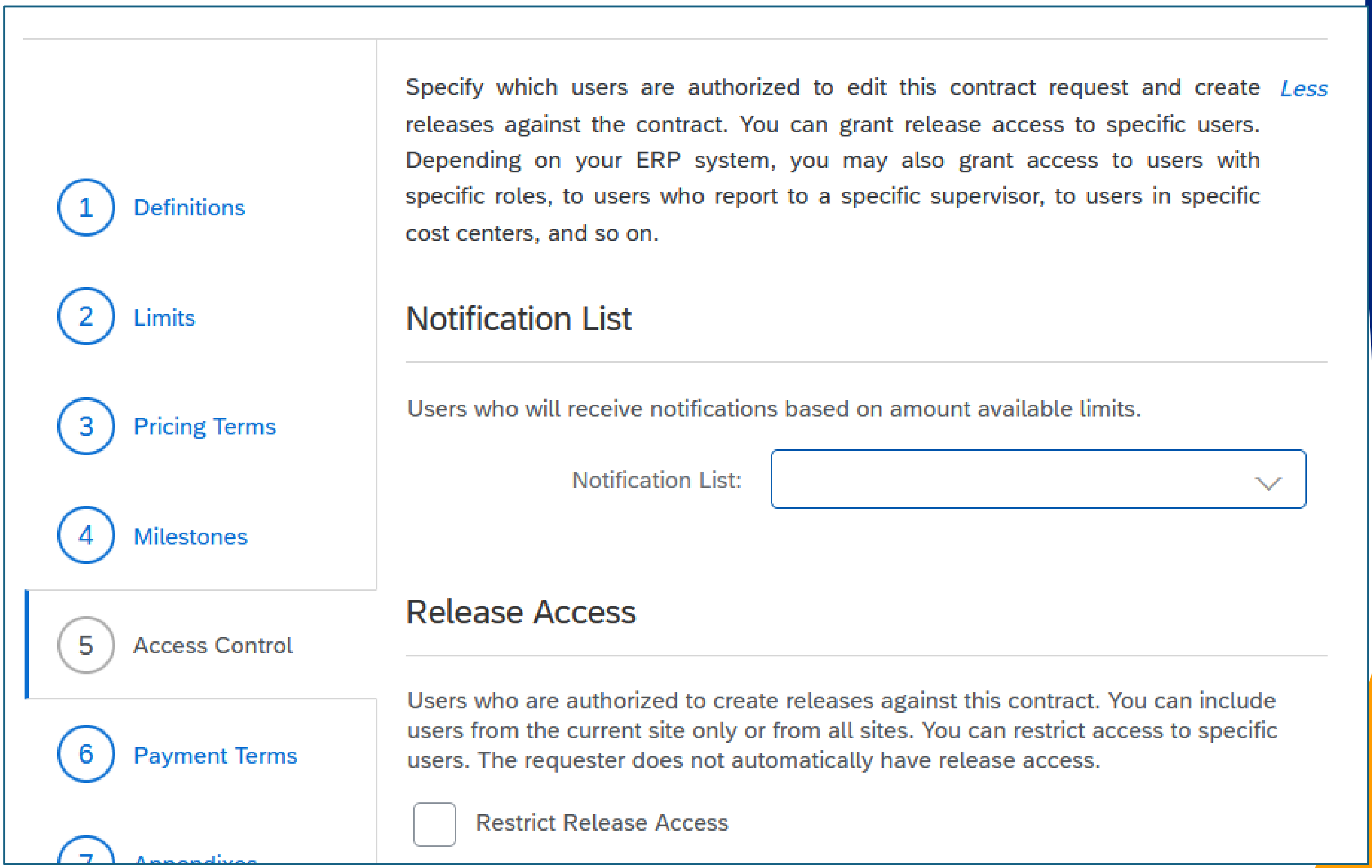
The next section in the Contract Terms Document is the ‘**Milestones**’ section. At LAUSD this isn’t commonly used.

A milestone is a set of conditions or requirements that must be met by a supplier to achieve the terms of a supplier-, commodity-, or item-level contract.

The successful completion of a milestone typically results in partial financial payment to the supplier. A milestone-based agreement is a contract that is based on one or more milestones or deliverables.

When you add a milestone item to a release order contract, the milestone is an internal milestone and is used for bookkeeping or notification purposes only. There are no limits associated with internal milestones. However, you can configure how many days before the milestone completion date to send the notification message to the contract requester and to users listed in the edit list.

The next section in the Contract Terms Document is the '**Access Control**' section. This isn't commonly used, but may be used for some contracts.



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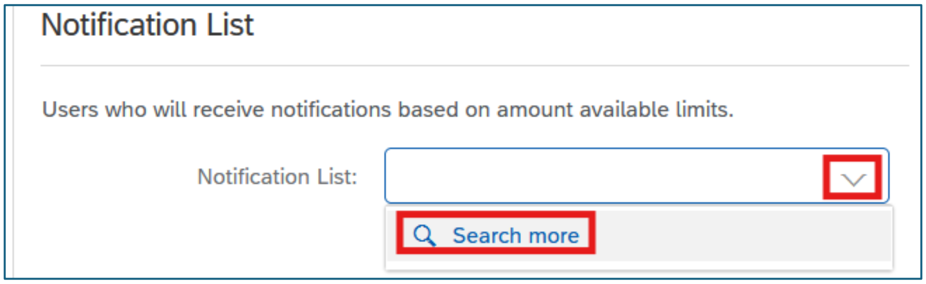
The ‘**Notification List**’ section allows you to add users who should receive notifications based on the amount available limits that apply to the contract. To create the list, first click the downward arrow, then click ‘**Search more**’



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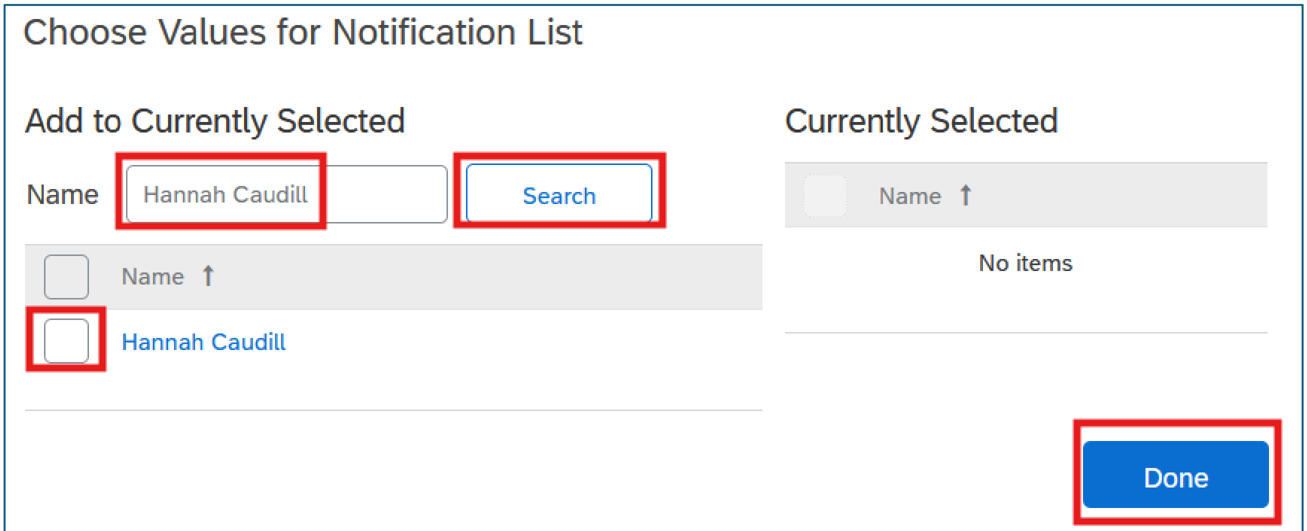
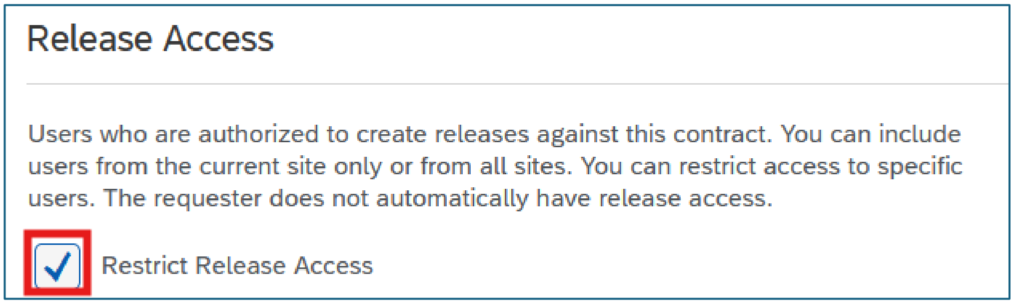
Search for each person’s name you would like to add to the list, entering their name in the box and clicking ‘search’. When you’ve found them, click the check box next to their name. You can click their name in blue to review additional details if there are multiple users with the same name. Selected names will display on the right. Click ‘done’ when you are finished.



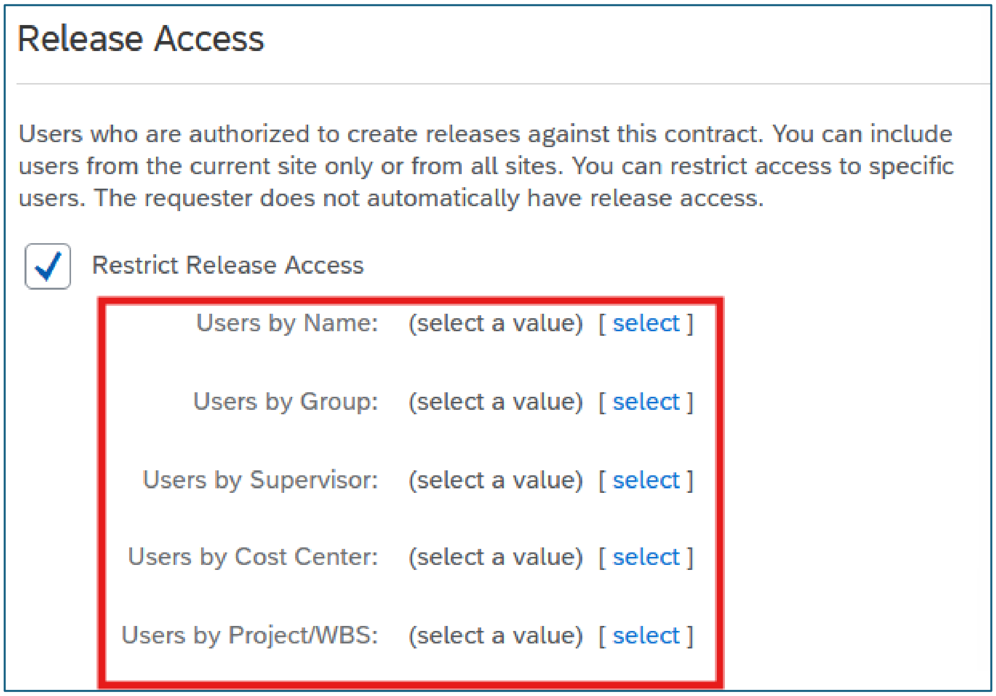
55

The '**Release Access**' section allows you to restrict the ability to issue orders against this contract to a specific person/group of people. Again, this is not typically used. However, if you need to set it, begin by clicking 'Restrict Release Access'.



56

Use the user parameters to search and select the appropriate users/groups who can utilize the contract.

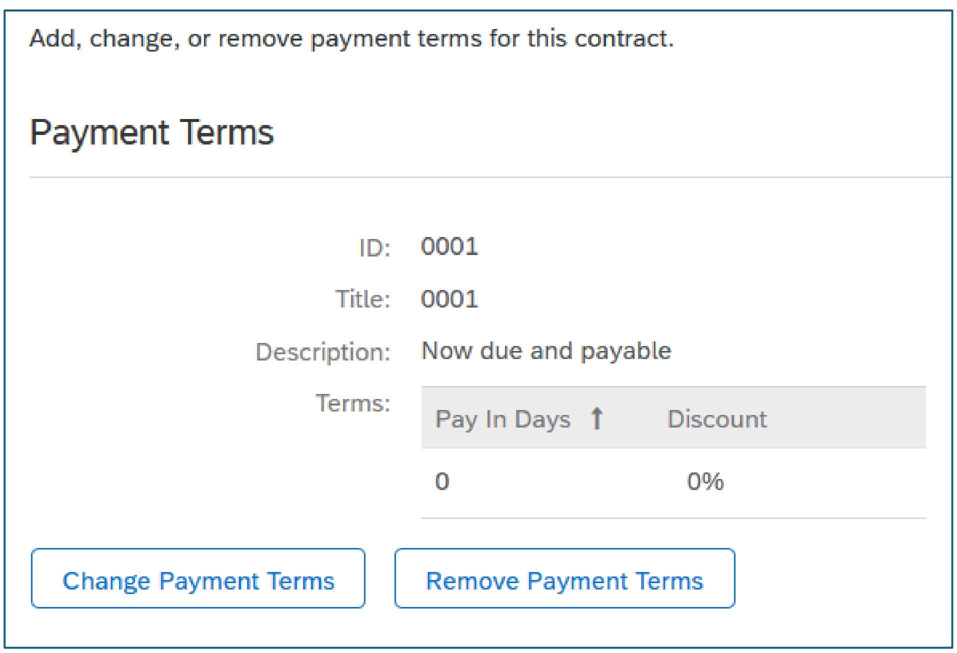


57

Click Next, or select item 6 from the menu on the left to move forward.

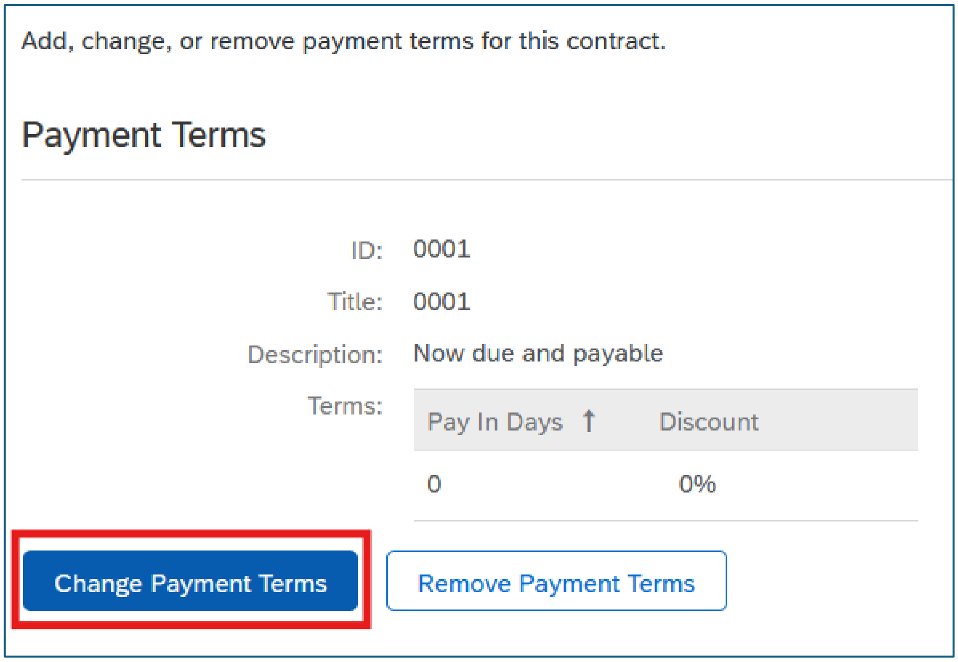
58

The next section in the Contract Terms document is the ‘**Payment Terms**’ section.



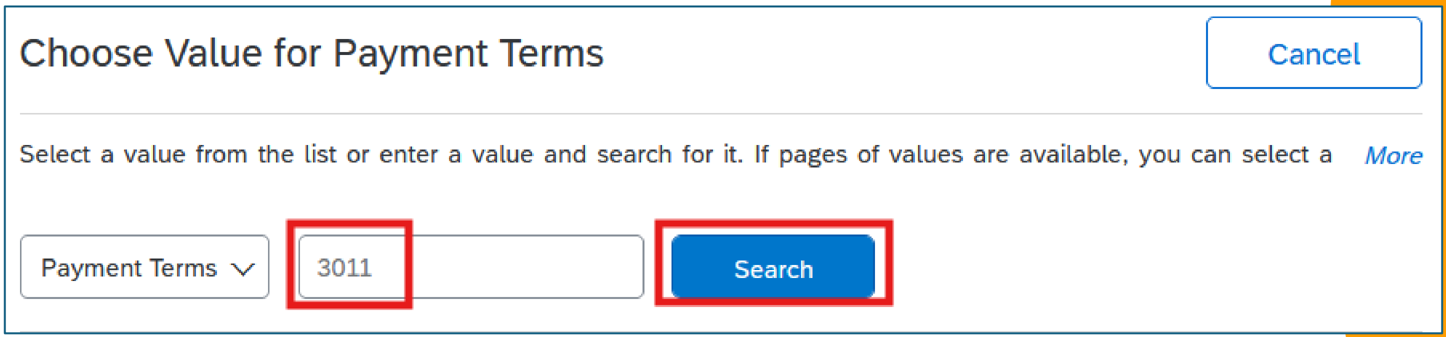
59

Payment terms are determined by the sourcing project and as part of contract award. To change the defaulted payment terms, click ‘Change Payment Terms’



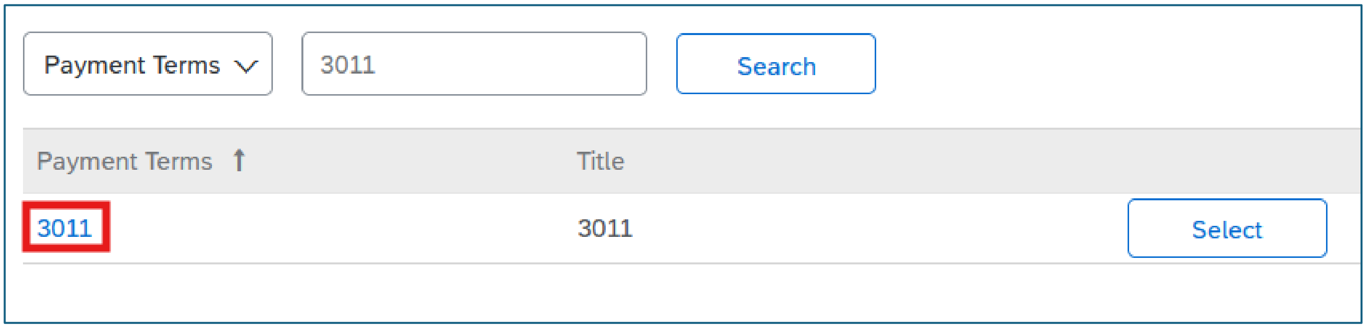
60

Search for the appropriate payment term using its 4 digit code and click ‘search’.



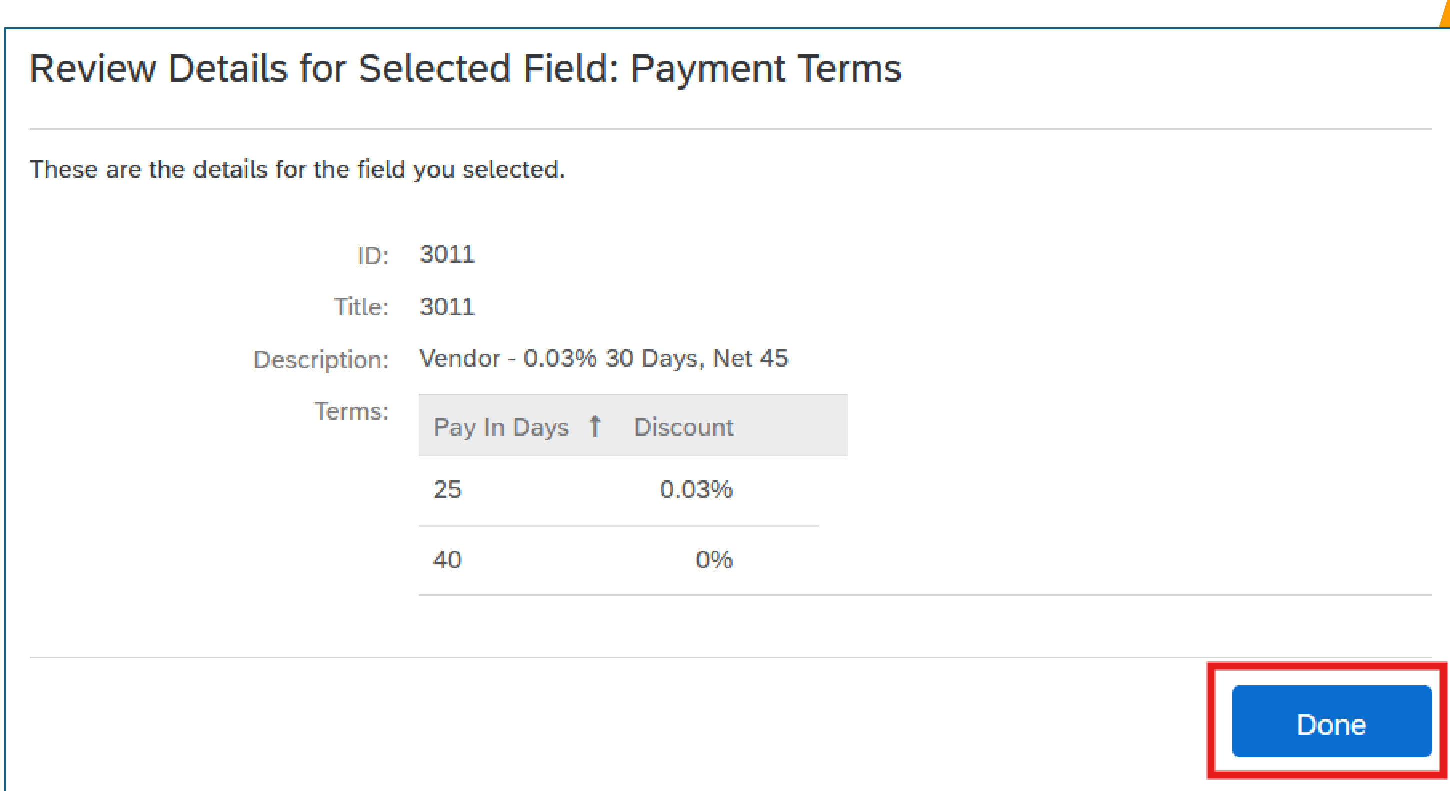
61

To see the description for the term, click its code in blue from the search results.



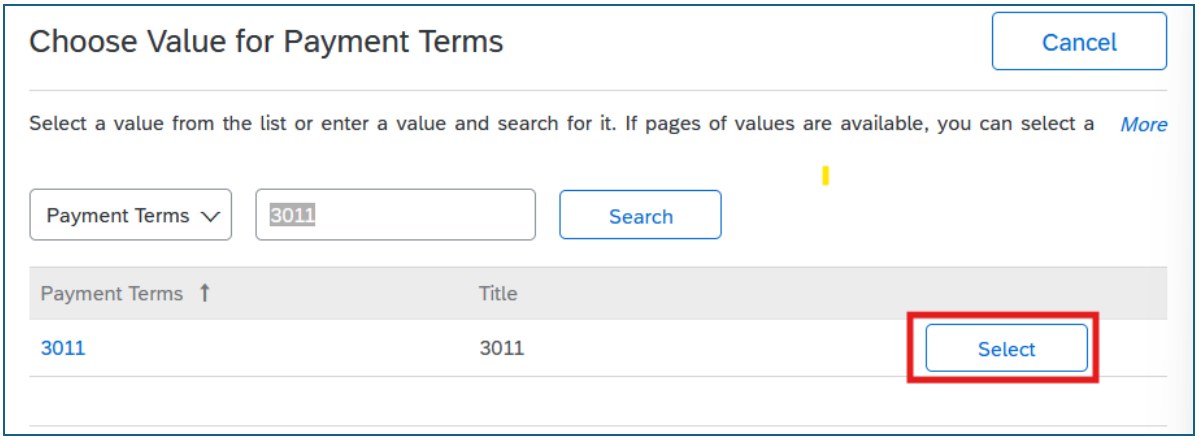
62

The payment term details will be displayed for review. Click '**done**' to return to the selection screen.



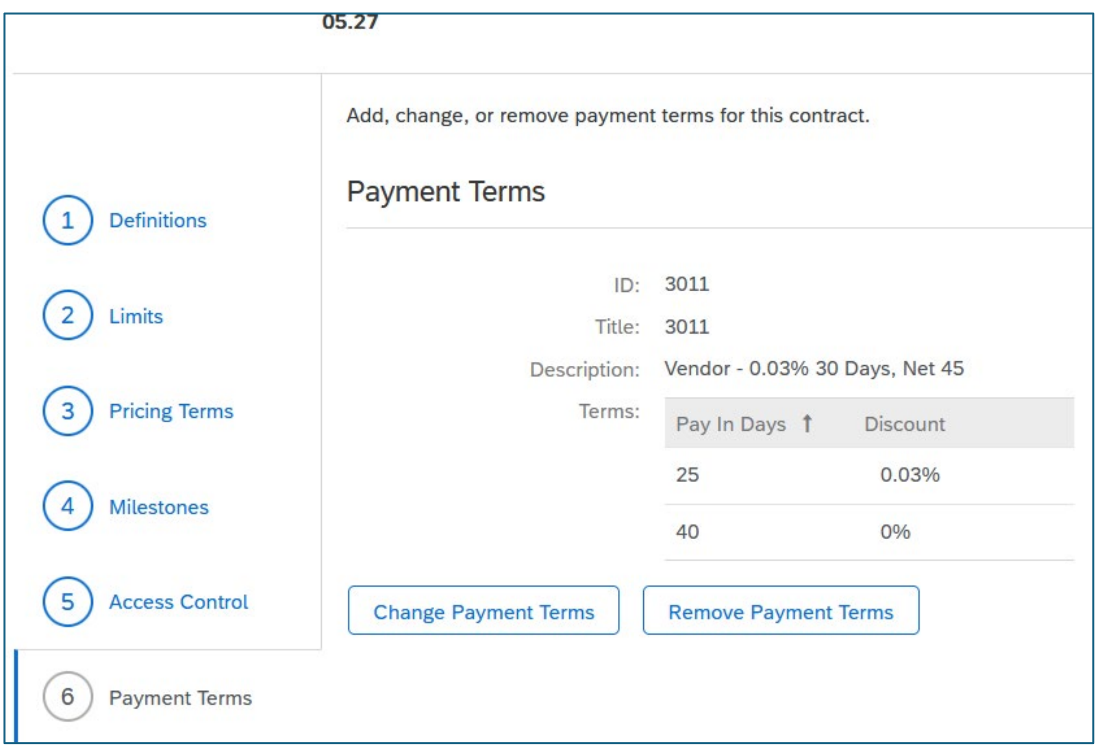
63

Now that you've confirmed the correct option, click 'Select' next to it.



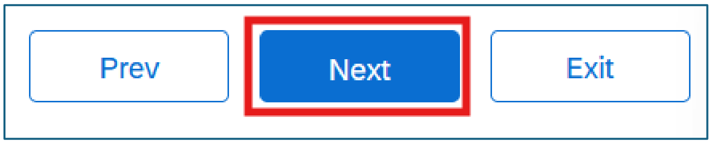
64

You will be returned to the contract terms document , and the Payment terms will be updated according to your selection.



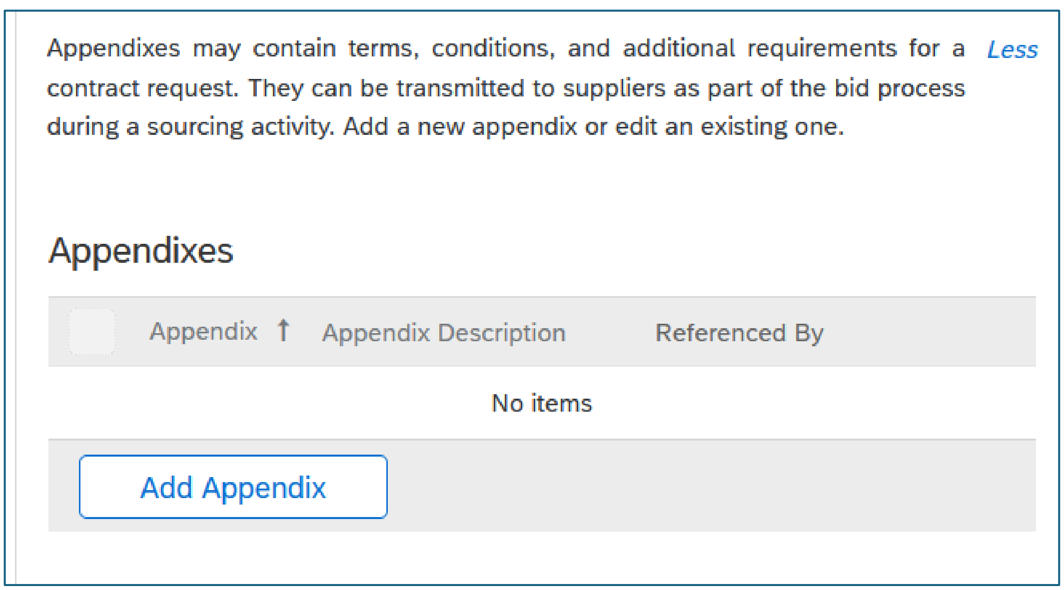
65

Click ‘Next at the top or bottom of the page, or click step 7 to move forward.



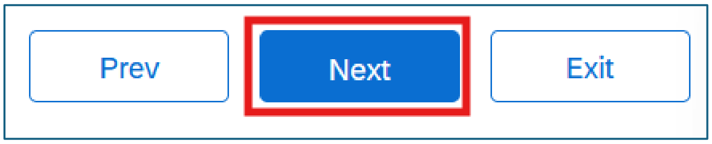
66

The next step in the Contract Terms document is the ‘Appendixes’ section. These are not typically used, but this allows you to add related documents to specific line items or pricing terms.



67

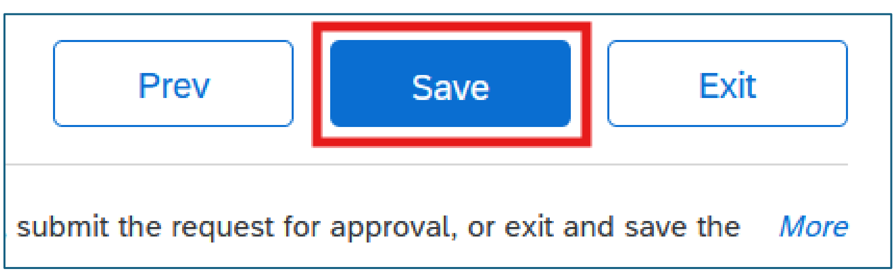
Click 'Next at the top or bottom of the page, or click step 8 to move forward.



68

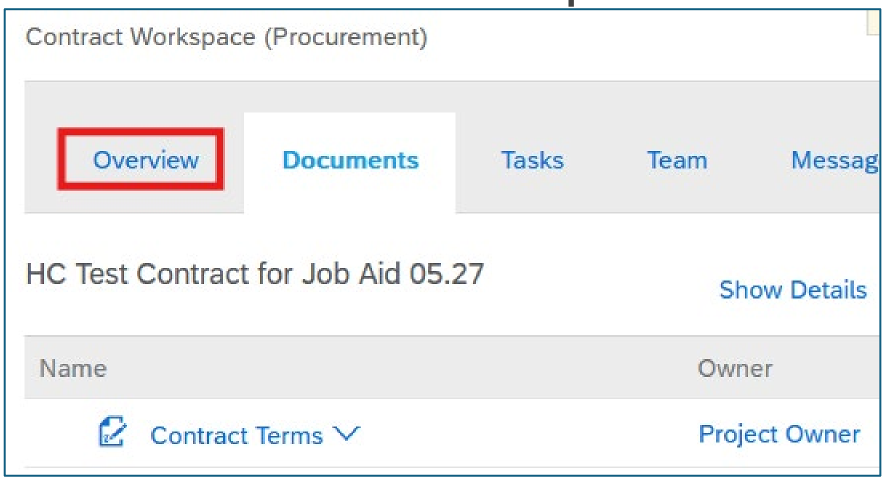
The final section of the Contract Terms document is the 'Summary'. This section contains information from all of your previous selections and offers you a chance to review your previous selections and changes. When you are done reviewing, click 'Save'.

Please note, the contract terms document does not automatically save your process. So, if you need to step away while working on it, be sure to navigate to the summary section and click save before exiting.



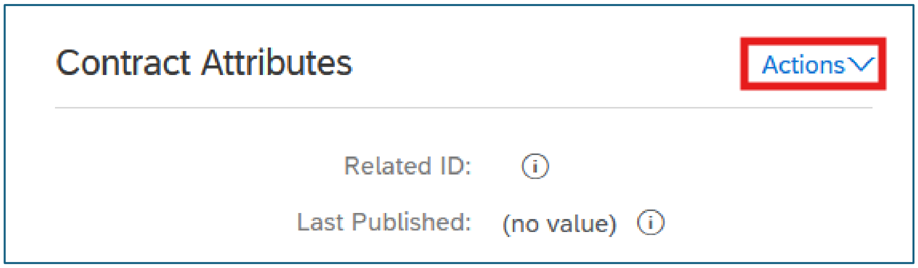
69

Your contract is now ready for publishing. Make sure to upload any required documents and complete any steps such as adding a D-Form for SBE tracking where applicable. When you're ready to publish, click the 'Overview' section to return to the Contract Workspace.



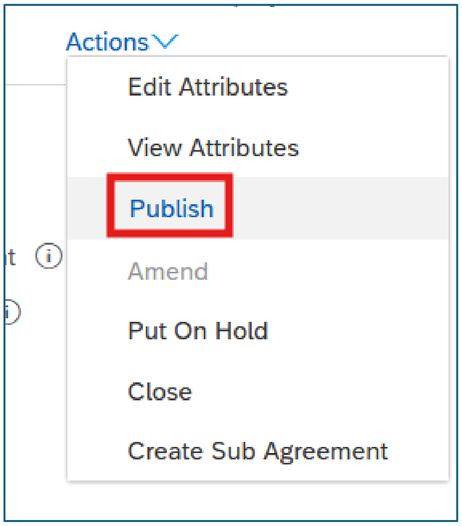
70

Scroll down to the 'Contract Attributes' section, and click the 'Actions' menu



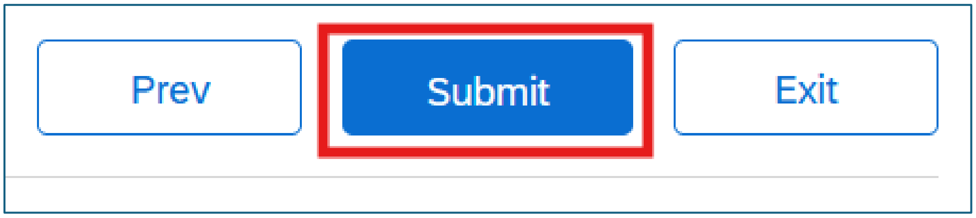
71

From the dropdown menu, click ‘Publish’



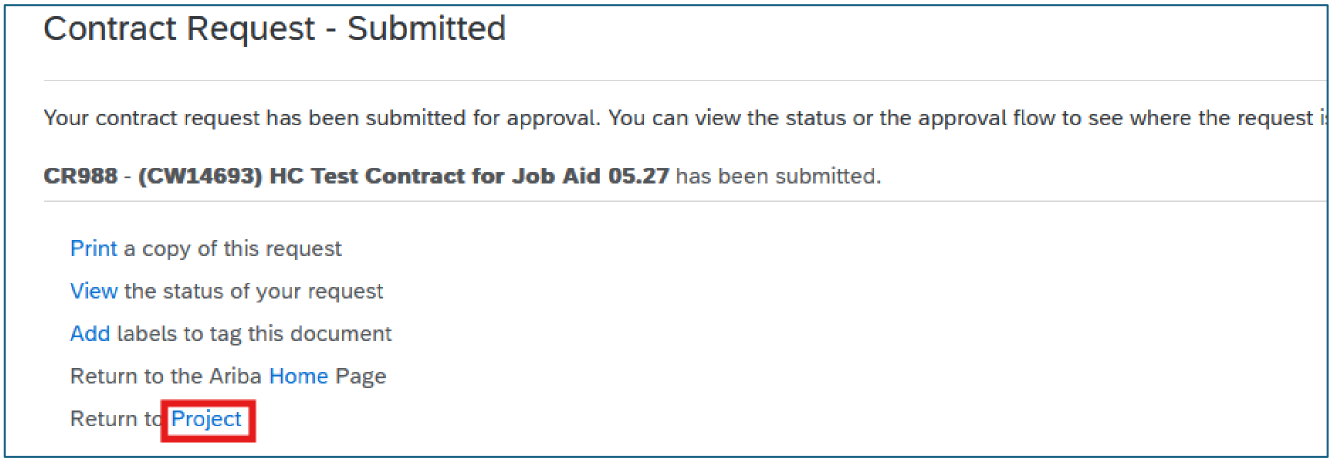
72

Your Contract Terms document will open to the Summary. This allows you another opportunity to review and make any final changes. When you are ready to publish, click ‘Submit’ at the top or bottom of the page.



73

Your contract terms document and contract workspace are now publishing. You can click '**Return to Project**' to review the status.



74

The contract status is now 'Published'. Please note that this may take a few minutes to complete, during which time the status will read 'Publishing'.